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the

## NEWS SUMMARY

### GENERAL

**Cadbury gives up fight for Westward**

Mr. Peter Cadbury has given up his battle to regain the chairmanship of the Westward Television board.

After a meeting with the Independent Broadcasting Authority at which Mr. Cadbury and Lord Harris of Greenwich, who ousted Mr. Cadbury as chairman in July, put forward their plans for the company, Mr. Cadbury admitted defeat.

Lord Harris said last night: "I am delighted that there is now a real possibility of putting the recent painful dispute behind us." Back Page

### Support for Iran

Libyan leader Col. Muammar Gaddafi has become the first Arab head of state to come out in open support of Iran in its war with Iraq. He also called for the removal of U.S. AWACS radar aircraft from Saudi Arabia. Back Page

### UDR man killed

A 38-year-old part time member of the Ulster Defence Regiment was killed by a booby trap bomb attached to his car in Portadown, County Armagh.

### Uganda 'invaded'

Ugandan government officials claimed the country had been invaded by forces from neighbouring Zaire and Sudan. The north-western city of Arua was said to have been taken by the invaders.

### Arson attack

Two explosions struck a British forces school in Münster, West Germany. Police are treating the case as arson.

### Hong Kong deal

The UK is to strengthen the military garrison in Hong Kong over the next seven years under a new defence agreement with the colony. Page 2

### Revue panned

Tory MP Teddy Taylor attacked a revue, "Last Tango in Parlick," which includes a scene where Mrs. Thatcher and three Ministers are seen giving Nazi salutes.

### Editor jailed

Soviet underground journal editor Yuri Grimm was sentenced in Moscow to three years in a labour camp for "slanderous" the state.

### Prize shared

Two Americans and a Frenchman shared the Nobel prize for medicine or physiology. They pioneered discoveries in genetics. Page 2

### Racism warning

French teachers—on instructions from President Giscard d'Estaing—warned schoolchildren on the dangers of racism.

### Dropping in

A paraglider at Fiji's Independence Day anniversary celebrations landed on the roof of the royal dais shortly after guest of honour Princess Anne had left. Another jumper ended up in a tree.

### Briefly . . .

Provisional IRA men in Belfast's Maze prison are to start a hunger strike in nine days time, according to a statement smuggled out of the prison.

Royal Navy bomb disposal squad safely exploded a torpedo netted by a fishing vessel off the Isle of Wight.

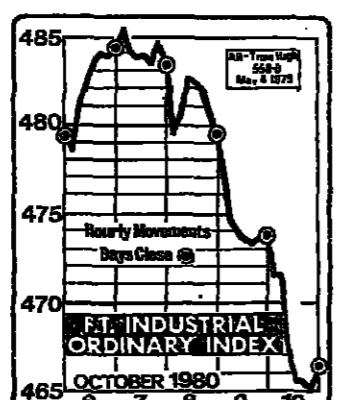
Two Soviet cosmonauts are due to return to Earth today after a six-month space flight.

Earthquake caused heavy damage in the El Asnam area of Algeria. Back Page

### BUSINESS

**Equities off 7.4; Gold \$5 down**

EQUITIES fell sharply on concern over the deepening recession and possible escalation



of the Iran-Iraq conflict. The FT 30-share index lost 7.4 to close at 466.3. Page 24

• **GILTS** had a drab session until the close and the unexpected announcement of a new medium tap. The Government Securities index closed 0.31 down at 70.63. Page 24

• **STERLING** rose 65 points to close at \$2.4035. Its trade-weighted index was up to 76.2 (76.1). Page 23

• **DOLLAR** finished at DM 1.8040 (DM 1.8055), though it was unchanged against the Swiss franc and the yen. Its trade-weighted index eased to 83.3 (83.4). Page 23

• **GOLD** closed \$5 down at \$684.5 in London. In New York, the Comex October close was \$686.7. Page 23

• **WALL STREET** was down 6.05 at 952.9 near the close.

• **PIPELINE** to carry natural gas from Britain to Northern Ireland would not be a worthwhile investment of public funds, according to a new study. Page 2

• **ROSS FOODS**, part of the Imperial Group, plans to close a frozen foods factory in Liverpool, with the loss of 190 jobs. Page 3

• **ALCAN** is to shed 250 of its 1900 workforce at Rogersone, South Wales. Page 3

• **POLIKOFF** International, clothing manufacturer and one of the Rhondda Valley's biggest employers, announced plans to cut its workforce by 1,0 to 700. Page 3

• **TAKEOVER PANEL** has become an important City institution entitled to protection by qualified privilege from libel actions, a High Court judge ruled. Page 3

• **AUEW's** engineering section and Electrical and Plumbing Trades Union face suspension from the TUC over their position on the intra-union dispute at the Isle of Grain power station. Page 4

• **PRESSED STEEL FISHER** in Cowley, Oxford started 3,000 men and women on a three-day tap. Page 4

• **BRITISH AIRWAYS** is making steady progress with its plan to cut staff by 3,500 this year. Page 4

• **TURNER AND NEWALL**, the hard-pressed industrial group, is selling its loss-making insulation materials business to Cape Industries for a maximum of £13.3m cash. Back Page

• **HARRY CRESSMAN**, who built up BSG International, the motor distributor and component manufacturer, parted company with the group after a boardroom row. Back Page

• **MORAL OIL** has found an important extension to its promising Hibernia oilfield off the Newfoundland coast. Back Page

Figures published yesterday by the Building Societies Association showed that net receipts in September rose to £443m against £307m in the previous month. With the exception of the October 1978 total of £568m, the figure was the highest recorded since December 1977.

The societies last month committed a record volume of mortgage funds for lending to home buyers and say that mortgage queues have almost disappeared.

But despite the overall improvement in the societies' position, a reduction in the mortgage rate before the start of 1981 still seems unlikely.

The societies say that a substantial cut in general interest rates will need to precede any reduction in their own rates while they will want to monitor the impact of the new issue of index-linked "granny bonds" on the inflow of funds.

Mr. Norman Griggs, secretary general of the Association, said that the availability of mortgages had continued to improve and most applicants were not having to wait long for funds. But he emphasised that any decision to reduce interest rates would depend on a cut "probably by two percentage points"—in Minimum Lending Rate.

Apart from the effect of "granny bonds" on their competitiveness, the societies are also facing higher composite rate tax bills in both the current and future tax years.

Most societies nevertheless believe that, given a fall in general interest rates, their own interest rate structure will be lowered at the start of 1981.

If the MLR were reduced by 2 per cent, the societies could in December decide to cut 1-1/2 per cent on the 15 per cent mortgage rate. This would be accompanied by a more substantial fall in rates paid to investors—a move regarded as necessary to restore operating margins. So far, there has been no pressure from the Government for the societies to consider any alteration in their rates. They will be expected to follow any significant cut in interest rates generally.

POLITICS today: Tory conference 16

Woodside Petroleum: multi-billion-dollar loans 17

Your savings: school fees snowball 8

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Travel: getting away from winter 10

Property: seclusion in Oxfordshire 11

Collecting: Renaissance jewellery 15

Gardening: a passion for plants 15

Golf: Suntori matchplay championship 15

Weekend brief: the end of the MG 17

CONTENTS

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISSES:

Beecham 143 - 6

Bruntums (Massachusetts) 92 + 8

Swire Proms 87 + 7

United Carrriers 201 + 8

Hunting Petroleum 16 + 6

Sovereign Oil 385 + 12

Allstate 102 + 7

Ashford Mining 145 + 5

Malayan Tin 130 + 8

Mount Carrington 58 + 6

Otter Exploration 72 + 6

Poseidon 335 + 15

Soumista 102 + 8

FALLS:

Treas 134p/2004-08 £103 - 2

Applied Computer 430 - 30

Argos Book Pubs 188 - 12

BAT Inds 183 - 9

BSG 124 - 10

Babcock Int 90 - 6

Gopeng Cons 760 - 20

CONTENTS

## Mrs. Thatcher looks forward to 'autumn of understanding'

BY RICHARD EVANS, LOBBY EDITOR, IN BRIGHTON

MRS. THATCHER yesterday expressed a growing hope among senior Ministers that the changing economic climate will result in lower wage settlements and less industrial confrontation than has been feared in the coming winter.

The Prime Minister, in a defiant speech winding up the Conservative Party Conference in a Brighton hall besieged by thousands of unemployed demonstrators, said she believed that certain lessons had been learned from experience.

"We are coming slowly, painfully to an autumn of understanding. I hope it will be followed by a winter of common sense," she declared.

The belief that the squeeze on companies in the private sector and the spectre of redundancies in the public sector will prevent a whole series of confrontations is reflected by other senior economic Ministers.

But whatever happens on the industrial front Mrs. Thatcher's message was that the Government intended to maintain its present economic strategy. She gave no hint of any early relaxation in interest rates.

It was a speech with little fresh content, but one that drew a rapturous reception from representatives wanting to be reassured that the Prime Minister intended to stick to

### Conference report

page 4

more effectively in the coming months the 1981 conference at Blackpool could have a very different atmosphere.

The only comfort she gave to the so-called wets in her Cabinet was to emphasise her anxieties at the scale of unemployment, "Let me make it clear beyond doubt, I am profoundly concerned about unemployment.

Human dignity and self respect are undermined when men and women are condemned to idleness . . . the waste of a country's most precious asset—the talent and energy of its people—makes it the bounded duty of government to seek a real and lasting

relaxation in interest rates.

As Mrs. Thatcher spoke a demonstrator was bashed roughly out of the hall and two more were arrested before she entered the hall. About 5,000 "Right to Work" demonstrators paraded past the conference

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## UK NEWS



## British Rail seeks to spend £34.5m on advanced trains

BY LYNTON MC LAIN, TRANSPORT CORRESPONDENT

BRITISH RAIL moved forward its plans for the 15mph advanced passenger train yesterday with its request to the Government for advance authority to spend £34.5m on electric traction motors, other equipment and works for the train which will involve long lead times.

The advance authority is needed so that BR can agree contracts with equipment suppliers for an initial five APTs.

BR hopes that Government permission for five APTs would herald the approval for the complete APT programme involving 60 APTs at a total cost of £250m.

Brush Electrical Machines, part of Hawker Siddeley Group, has been given a preliminary development contract by BR.

This calls for Brush to develop the large Swedish electric motors used on the prototype APT, expected to enter service this year.

ASEA is supplying control equipment incorporating its special thyristor technology. It has already delivered equipment for six prototype APTs.

In an earlier statement ASEA said the major part of the traction equipment would be manufactured under licence in England by Brush. The APT trains were expected to be operating by 1983.

ASEA assumes that Brush has contracted to buy the new components in expectation of an order from BR.

Jiang Qing ... faces worst punishment

## 'Severe sentence' for Mao's widow

BY COLINA MACDOUGALL

A LURID forecast of the trials

next month of the Gang of Four, Chairman Mao's widow and her three colleagues, and the so-called "Lin Biao Gang" has been released in an account of a "pre-trial" last summer in the Left-wing Hong Kong magazine *Cheng Ming*.

Lin Biao was Mao's Defence Minister and appointed heir who allegedly plotted in 1971 to assassinate him.

On the evidence in *Cheng Ming*, Mao's widow Jiang Qing seems likely to receive the severest punishment, while the top military men in the Lin Biao gang could be cleared.

If that happens, following

their imprisonment for nine years without trial, it could argue seriously conflicting views in the top leadership over their fate. Cheng Ming is believed to have reliable information in Peking on development within the leadership.

Brush has not started any

physical work on the electric

## Experimental bus on rails starts passenger service

BY LYNTON MC LAIN, TRANSPORT CORRESPONDENT

A FOUR-WHEELED "bus on rails" is to start passenger services between Ipswich and Lowestoft on Monday after test trials in Boston, U.S., earlier this year.

British Rail said yesterday that its lightweight experimental vehicle, LEV, would be used on the East Suffolk line for two months. This would allow passengers to sample the new service and comment on it in a research survey.

The "railbus" has a conventional single-deck bus body, built by Leyland Vehicles, mounted on a chassis designed and built by

## Northern Ireland gas pipeline 'not worthwhile'

BY MARTIN DICKSON, ENERGY CORRESPONDENT

CONTROVERSY over demands for a pipeline to carry natural gas from Britain to Northern Ireland intensified yesterday when a new study claimed that the project would "not be a worthwhile investment of public funds."

The claim was made in a report by the management consultancy branch of Deloitte, Haskins and Sells prepared for the Northern Ireland coal industry which would lose much of its market if a pipeline was built.

The Government believes that a pipeline would be uneconomic. But various interest groups in the province have waged a lengthy campaign to persuade it to go ahead.

A report published earlier this month by the Northern Ireland Economic Council, which advises the Government, said the project was viable.

The Deloitte, Haskins and Sells report says the NIEC project would produce net benefits worth £51.5m at present value but Deloitte, Haskins and Sells believe it would generate net losses of £187.1m.

The new report adds that

## Warning over working days lost through drink

BY GARETH GRIFFITHS

THE GOVERNMENT is to issue a consultative document early next year on the problems of drinking alcohol at work and hopes to produce a draft code of practice on safety at work and drinking in 1982.

Ministers have become increasingly worried over the number of days lost at work through drink problems. The Department of Employment estimates the total last year at between 8.8m and 14.5m days in England and Wales.

The main theme of the consultative document is that a joint policy should be agreed between management and trade unions at a company or divisional level. Employees should have time off work to obtain help and treatment for drink problems. Jobs should be protected on the same terms as those for other employees absent through illness.

Some opposition to a draft code is likely from the Confederation of British Industry. The Health and Safety Commission turned down a proposed

## OVERSEAS NEWS

## Recovery in U.S. likely to be slow'

By Paul Betts in Hot Springs

THE WORST of the U.S. recession is over, but recovery is expected to be slow with both inflation and unemployment remaining at "uncomfortably high levels" next year.

This is the gloomy conclusion of the latest economic forecast of the Business Council, the association which groups some of the leading executives of the major U.S. corporations and credit institutions.

Mr. Clifton Garvin, chairman of the Exxon oil conglomerate, said at the Business Council's meeting in Hot Springs, Virginia, yesterday that the council's consultants expected U.S. real gross national product to remain essentially flat during the second half of this year, after the second quarter's 9.1 per cent rate of decline. Real growth next year will average only about 1.5 per cent, the report says.

At the same time, Business Council economists forecast consumer price inflation approaching 10 per cent until the end of next year. Although there had been some easing of inflation, they felt the decline in the rate of inflation which normally occurs during initial recovery periods was likely to be blunted because of sluggish growth in output in the second half of this year and throughout 1981. Moreover, the summer drought had further worsened the outlook for food prices.

Mr. Garvin emphasised that these forecasts did not take into account the possible consequences of the Iran-Iraq conflict. He indicated that damage to refinery facilities in the two countries—especially in Iraq—were probably much greater than reported so far.

It would take at least a year to repair the facilities to restore the 8m to 4m barrels a day of oil which had been lost to the world market as a consequence of the war, he said.

On U.S. monetary policy, the Business Council report said the main area of concern and controversy remained to what extent the U.S. Federal Reserve would or should let U.S. interest rates move up. In general, the Business Council agreed that rates were already too high in the context of an underlying weak economy.

But Mr. Walter Wriston, chairman of Citibank, the largest New York bank, which lifted its prime rate to 14 per cent, half a point above other major banks, claimed that the Fed's monetary policy was now back on the right track.

However, Citibank yesterday chose to keep its prime rate at 14 per cent, despite being out of line with the 13.5 per cent generally prevailing.

## Britain to boost military strength in Hong Kong

By Michael Donne, Defence Correspondent

## Carter unleashes a factual barrage

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

SEEKING TO regain the political initiative and to elevate the quality of the presidential campaign, President Carter has unleashed a battery of Government officials with attacks on Mr. Ronald Reagan's policy pronouncements.

The intention is to focus public attention again on what a Reagan presidency might be like in real terms, rather than have the electorate distracted by the vituperative and personal exchanges between the candidates.

Thus, within 24 hours, the Secretary of Defence, the Secretary of Labour and even the Environmental Protection Agency have all come in with lengthy denunciations of Mr. Reagan's policy positions.

The protection agency's criticism was certainly the most eye-catching. Mr. Reagan has been touring the industrial Midwest this week in an

attempt to win blue-collar votes, and has been touting down some of his earlier statements that he would dismantle a wide range of Government pollution and safety regulations, though promising some relief.

But what Mr. Reagan cannot resist is the gib political one-liner. Thus he repeated this week that most of the nation's pollution came from plants and trees—though he explained that he was only talking about one form of pollution, oxides of nitrogen—and suggested that the Mount St. Helens volcano had probably released more sulphur dioxide into the atmosphere than the last 10 years of car driving.

He also insisted that national air pollution had already been "substantially controlled" and that it was now time to relax what he described as the environmental agency's "un-

reasonable and many times untried standards."

The response from the agency was sharp. It said it was "strange and bewildering" for Mr. Reagan to claim that air pollution had been overcome when Los Angeles, the biggest city in his home state, was currently in the grips of yet another pollution "alert."

Moreover sulphur dioxide was not a major component in car pollution and Government laws were not aimed at it. In any case, total sulphur dioxide emissions throughout the country were between 40 and 160 times greater than that spewing out of Mount St. Helens.

Mr. Ray Marshall, Secretary of Labour, complained, citing a long list of past statements, that Mr. Reagan was trying to expunge a lifetime of antiunion activities. "Republicans must think workers are awfully dumb or simple-minded to buy all that

stuff they're putting out."

Dr. Harold Brown, the Defence Secretary, took his lead from Mr. Carter in protesting that Mr. Reagan was denigrating American defence capability.

Soviet military divisions were in even worse shape, he claimed.

Another straw in the future wind was to be found in, of all places, the editorial page of the *Wall Street Journal*. The newspaper is a staunch supporter of Mr. Reagan but carried a long article by one of its staff correspondents yesterday picking factual holes in some of Mr. Reagan's policy positions and labelling many of them "elusive."

Whether the new Carter onslaught works is another matter. The election remains very close: the latest public opinion poll out yesterday and conducted by the Roper Organisation, gave Mr. Reagan a lead of precisely one point.

## Bid to ease U.S. telecoms grip

BY OUR U.S. EDITOR IN WASHINGTON

THE U.S. Federal Communications Commission has produced a package of proposals which, if finally approved, would inject free-for-all competition into the international telecommunications market serving the U.S.

The FCC's professed goal is to drive down current communications rates by breaking up monopolies

A staff audit of the four international carriers (ITT, Western Union International, RCA, and TRT Communications) found them earning

pre-tax profits of between 35 per cent and 58 per cent on their telex services alone, well in excess of the authorised 8.5-9.5 per cent margins.

An FCC attempt to inject competition into communications was thwarted this summer when a Federal court denied Western Union (no corporate relation to WU) the opportunity to get into the international telex market.

## Demirel, Ecevit quizzed by lawyer

BY METIN MUNIR IN ANKARA

MR. SULEYMAN DEMIREL, the ousted Turkish Prime Minister, and Mr. Bülent Ecevit, the main opposition leader, who are under detention, were questioned by a prosecutor yesterday in connection with violating the Turkish election law.

The questioning was done by a civilian prosecutor at the sea-side army camp at Gallipoli, near Istanbul, where the two politicians have been in internal exile since the bloodless military coup. Nobody has been

allowed to see them since.

The fact that the prosecutor was permitted to enter the camp was an indication that his mission had the blessing of General Kenan Evren's regime.

This was also the first sign of the possibility that Mr. Demirel and Mr. Ecevit will appear before a civilian court—that is, if the prosecutor decides to take his case before the court.

They are charged with violating the article of the election law which prohibits election campaigning after nightfall.

## Three share Nobel Prize for medicine

BY WILLIAM DULIFORCE IN STOCKHOLM

DR. GEORGE SNELL, and Professor Baruj Benacerraf of both Americans and M. Jean Dausset, French, share the 1980 Nobel Prize for medicine for their research into human immunology. The prize is worth \$80,000 (£58,620).

The citation from Stockholm's Karolinska Institute yesterday referred to their discoveries concerning "genetically determined structures on the cell surface that regulate immunological reactions." Their research has made possible, for example, human kidney transplants.

Three share Nobel Prize for medicine

## French Assembly passes worker-participation Bill

BY TERRY DODSWORTH IN PARIS

THE FRENCH National Assembly has finally voted in new measures for an extension of the system of worker-participation in industry following a long inter-party battle which has substantially watered down the original Government proposals.

If the Government had its way, the new law would have made distribution of a small number of shares obligatory in large quoted companies, thus giving new life to the concept of worker-ownership first introduced during the presidency of General de Gaulle.

However, the compulsory element in the proposal was removed because of differences between the two wings of the Government—majority—the

Christian Democrat left-wing favourable to an alliance with the Communists are expected both to enter the Government and assume additional senior party positions, especially if Sig. Forlani steps down as president of the long ruling party.

One of his first tasks will be to work for a settlement of the month-old dispute at the Fiat car group, the object of a 12-day general strike by 18m workers throughout the country yesterday, and which seems as far from settlement as ever.

Up to 3 per cent of a company's equity, created especially for the distribution, will be given away. Existing shareholders will be compensated for the dilution of their capital by bonds bearing interest at the average rate of state loans for which Treasury funds will bear 65 per cent of the cost. The measures will apply to both private and public companies.

The pre-trial poll indicated that Labor would have received 53 per cent of the vote compared with 47 per cent for the Government. With such a vote, Mr. Bill Hayden, the Opposition leader, would win a comfortable majority in Parliament.

If the second and later poll is considered alone it shows the gap narrowed to 51 per cent for Labor and 49 per cent for the Government. Labor needs about 51.5 per cent of the vote to win, so the result, translated to an election result, would have meant a narrow win for the Government.

The company conducting the poll said last weekend's vote would mean a swing of about 5 per cent to Labor on the 1977 election result. This would cut the Government's current majority of 48 seats to about 13. If the swing was not uniform, the majority could be cut to as little as seven.

Open expression to these fears, which have so far been voiced only privately, was given yesterday by Mr. Chaudhary Shekhar, President of the Janata Party, who warned the Government that it sought to destroy the democratic system under the pretext of a "manufactured national crisis." It would lose its credibility.

Mr. Shekhar said that the

government would "only harm itself if it tried to rule over the country by furnishing its armour with more draconian powers and used them against the people in the name of failure of the system."

His view was that the only crisis facing the country was that it was being ruled by "a terribly sick and awfully ill government."

Officials deny that the preventive detention powers will be misused, but politicians fear that under the pretext of detaining smugglers and black marketeers, Mrs. Gandhi will jail many of her opponents.

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## Poll indicates swing back to Fraser coalition

BY PATRICIA NEWBY IN CANBERRA

A SWING BACK to Mr. Malcolm Fraser's ruling Liberal-National Country Party Coalition is shown by the latest opinion poll published in the run-up to the Australian federal election on October 18.

The poll, conducted for the Herald and Weekly Times newspaper group, covered two samples each of 1,000 people on the weekends of September 28 and October 5.

The results, published yesterday, indicated that Labor would have received 53 per cent of the vote compared with 47 per cent for the Government. With such a vote, Mr. Bill Hayden, the Opposition leader, would win a comfortable majority in Parliament.

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In essence, the intention was to capture Mrs. Gandhi and other leaders at a top-level meeting and seize the regional military commands, if necessary resorting to poison gas, bacteriological weapons, bombing, car accidents, kidnapping and urban guerrilla warfare."

## UK NEWS

## Rank ready to sell some of its cinemas

By Guy de Jonquieres

THE RANK Organisation said yesterday that it was examining its cinema operations, as part of a broader review of the group's activities, and might sell a few cinemas if it received a satisfactory offer.

But Rank said that though several prospective buyers had approached it recently, it was not at present negotiating any sales. It also denied reports that it planned to sell its entire circuit of 132 Odeon and Gaumont cinemas.

Profits from the chain, which operates in London and most big provincial cities, were £2.7m last year, against £4.5m in 1978. A number of the cinemas are understood to be running at a loss.

Last year, more than £100m of Rank's pre-tax profit of £131m was provided by Rank-Xerox, the copiers company which it owns jointly with Xerox of the U.S.

## Kirby named as likely editor of new Standard

By John Lloyd, Labour Correspondent

LORD MATTHEWS, chairman of the Express Group, said last night that Mr. Lou Kirby, the editor of the Evening News, was the favourite for the editorship of the new-style London Evening Standard.

The Evening News is to close at the end of this month, while the Express Group's Evening Standard — the ownership of which it will share with Associated Newspapers, the publisher of the Evening News — will appear in a revamped form at the beginning of November.

Intense speculation has surrounded the editorship of the new Standard. Mr. Charles Wintour, the editor of the paper for 20 years out of the last 23, has been ruled out by Lord Matthews, who said he would be taking a more senior post within the group.

Lord Matthews said no final decision had been taken on the position of editor. The print unions are to meet Associated Newspapers on Tuesday, and are expected to begin discussions on redundancy terms for the nearly 1,500 workers on the News.

## GLC outlines Coin Street plans

By ANDREW TAYLOR

THE Greater London Council has drawn up proposals calling for 1m sq ft of offices to be developed on the controversial 15-acre Coin Street site on the south bank of the Thames.

A council spokesman said the plans had been drawn up as a "basis for discussions" which are to be held with other Coin Street landowners, developers and the various London boroughs concerned with redeveloping the site.

However, the proposals, which were outlined at a meeting of the council's planning and communications committee yes-

terday, provide a clear indication of the type and scale of development the Conservative-controlled GLC would like to see at Coin Street.

Earlier this year Mr. Michael Heseltine, the Environment Secretary, rejected a series of development proposals for Coin Street including plans from Greycourt Estates to develop over 1m sq ft of offices on the south bank site. Mr. Heseltine said he wanted to see a mixed development on the site and called for an "architectural and communications committee" to judge that we can judge, even within

wide limits, the ultimate use for which new buildings would be put."

The moves have prompted accusations from opposition spokesmen that the Conservatives are trying to push through planning permission so that they can dispose of their Coin Street land before GLC elections.

Ownership of the Coin Street site is complex: the GLC owns the freehold of around half the 15-acre site but Greycourt Estates and Commercial Properties between them control around 9 acres of land through freeholds and long leases.

The GLC guideline proposals

## City police investigate £1.5m grain shipment

By JOHN MOORE

THE City of London police fraud squad is inquiring into a possible £1.5m fraud involving a shipment of grain.

Alleged irregularities being probed involve freighting charges on a consignment of grain which was being shipped from the United States for the Chinese National Chartering Corporation.

Police investigators are look-

ing at the freighting charges that the Chinese National Chartering Corporation was asked to pay, which may have been involved.

Lawyers acting for the Chinese National Chartering Corporation confirmed yesterday that they were suing a firm of brokers on the Baltic Exchange in connection with the grain deals; negligence is alleged.

The action is to be contested. It is understood that the contract was concluded through various shipping centres, including London, New York, Tokyo and Singapore.

The Baltic Exchange is mainly concerned with providing facilities for the fixing of cargoes for merchant vessels in a market type setting. The Exchange said yesterday that no member had acted in an improper way.

It seems that the latest affair was totally beyond the control of the London market because of the international character of the irregularities.

Police received the complaint three weeks ago. The inquiry is headed by Detective Superintendent Mark Kirkwood.

## Takeover Panel protected

By RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Takeover Panel has become an important City institution and is entitled to be protected from libel actions by qualified privilege, a High Court judge ruled yesterday.

Mr. Justice Caulfield said the panel, set up at the request of the Bank of England to enforce the City code on takeovers and mergers, had a moral duty to investigate allegations of breaches of the code.

He dismissed with costs a libel action against the panel by Mr. Laurence Graff, chairman of Graff Diamonds.

But the judge continued an injunction restricting the panel's investigation of a takeover of Graff Diamonds by another of Mr. Graff's companies, Sandstar.

The injunction will remain in force until the end of a pending libel action by Mr. Graff against the Daily Telegraph, over an article about the takeover.

The judge said Mr. Graff complained that the panel had re-published the article, which had alleged that Mr. Graff had breached the City code by offering an "inducement" to a

Graff Diamonds' shareholder to sell him her shares.

As a result of the article, published in May 1978, the panel had interviewed the shareholder. It had then sent copies of the article, with a covering letter, to 86 other Graff Diamonds' shareholders.

The panel contended that its action had been an attempt to establish the truth or otherwise of the allegation, and had, therefore, been covered by qualified privilege.

Qualified privilege is a defence to libel proceedings where a publication, which might otherwise be libellous, is between interested parties and is without malice.

Mr. Graff contended that the panel had unnecessarily republished the libel. But the judge said the panel had a right to make inquiries to establish or demolish the allegations, and its communication to the shareholders, taken as a whole, was not capable of being defamatory.

Upholding the panel's defence of qualified privilege, the judge went on: "I have no doubt whatsoever that the panel, on learning of an alleged breach of

the City code, was under a moral duty to investigate."

Mr. Michael Kempster, QC, for Mr. Graff, asked that the injunction should be continued, otherwise, he said, the panel's inquiry could prejudice the fair trial of the action against the Daily Telegraph.

Mr. Richard Hartley, QC, for the panel, protested that the injunction would stop the panel carrying out its duties in the public interest as it could be three years before the case got to court.

The judge continued the injunction on Mr. Kempster's undertaking to try to get the hearing expedited. The panel was given leave to apply to the court if there was further considerable delay.

The injunction includes a restraint on the panel from publishing any finding, or having "recourse to private reprimand or public censure" of Mr. Graff, or taking any other action designed to deprive him of his ability to enjoy the facilities of the securities market, by reason of anything alleged to have been done by him in the course of the take-over.

FIRESTONE TIRE and Rubber, the U.S. group, yesterday closed its last British tyre factory, at Wrexham in North Wales.

The closure comes a month earlier than expected and involves the loss of 600 jobs. The Wrexham plant opened only 10 years ago, produced radial tyres and is the latest of a string of victims of worldwide overcapacity.

Firestone closed its only other tyre-making plant, at Bremford earlier this year with the loss of 1,500 jobs. It had been making the old-fashioned cross-ply tyres no longer fitted to new cars and which now hold less than 15 per cent of the replacement market.

Dunlop and Goodyear have also closed British plants this year and employment in the UK industry has dropped from 43,000 in the early 1970s to an estimated 25,000 in 1980.

Firestone, which recently announced a loss in the U.S. of \$39m in this year's first nine months, is to keep its marketing operations in Britain.

ANOTHER 500 redundancies were announced in South Wales yesterday as three more companies in the area attempted to adjust to the recession.

The Alcan aluminium cladding plant at Rogerstone is to cut its 1,950-strong workforce by 250. It said it hoped to rely on voluntary redundancies and early retirement. The plant shed 80 jobs in January and has been on short-time working for three months.

Polkoff International, the clothing manufacturer which is one of the biggest employers in the Rhondda Valley, announced a further 170 redundancies, bringing its workforce down to 700, compared with 1,450 two years ago.

A further 72 jobs are being shed by Crescent Toys of Abercarn on top of the 75 redundancies announced last month. The company said its exports had been hit by the strength of sterling.

In Liverpool Ross Foods, part of the Imperial Group, said it plans to close its frozen foods factory at Aintree with the loss of 180 jobs. It blames the closure on the fall in demand for frozen meat pies and individual meals.

In Ripley, Derbyshire, a company making gas burners for domestic boilers has abandoned expansion plans for 200 new jobs, leaving empty a new £250,000 factory. The company, Aeromatic, which currently employs 108 people, hopes to cut losses by renting out the factory.

In Ipswich, the Crane valve-making company raised the number of people it plans to make redundant by the end of the year from 85 to 135. Crane employs 1,750.

A. H. McIntosh, one of Scotland's biggest furniture manufacturers, is to put 300 of its 500 workers on short time at its plant in Kirkcaldy, Fife. The company, which last month was praised by Mr. George Younger, Scottish Secretary, when he opened a film extension, blamed high interest rates for a 25 per cent drop in orders.

W. H. Smith announced redundancies for 38 full-time and 82 part-time staff as a result of its decision to close its chain of Grafton's do-it-yourself stops. Five branches are to be closed and three sold.

## Littlewoods founder back in top post

By Christine Moir

MR. JOHN MOORES, the 84-year-old founder of the Littlewoods Organisation, has decided to take over the reins again.

In 1977 he retired from the chairmanship of Britain's largest private company in favour of his son, Peter, who is now 48. Yesterday, however, he announced that he would be taking over the chairmanship again from October 17 for another three-year term.

Mr. Peter Moores, who is also a director of Singer and Friedlander, the merchant bank recently acquired by European Ferries, said he was "delighted" that his father had "the energy and enthusiasm to take over the reins." He intended to expand his City interests now that he was released from the chairmanship.

Mr. John Moores, who founded the Littlewoods business with his brother Cecil in 1923, first announced his intention of retiring in 1971. Cecil retired as chairman of the pools division early last year at the age of 76.

## U.S. travel up

TRAVEL to the U.S. by British tourists increased by 28 per cent in the first seven months of 1980, reflecting the increasing popularity of the U.S. among tourists according to the latest Department of Trade figures.

Overseas visits by UK residents to all destinations rose by 15 per cent over 1979 to 9.3m, while the number of visitors to the UK rose 4 per cent to 7.1m. But despite the greater number of incoming visitors, the UK's travel account showed a surplus of £253m.

In July alone, overseas visitors to the UK spent £405m and UK residents spent £300m abroad.

## Long server

MR. FRANK SWAIN, at 80 the Financial Times' oldest employee, has retired after a lifetime in Fleet Street. Mr. Swain worked for 22 years with the FT night editorial staff and is London's longest-serving member of his union, the National Society of Operative Printers, Graphical and Media Personnel.

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## Girobank plans to issue credit card

By MAURICE SAMUELSON

NATIONAL GIROBANK, the Post Office's banking arm, is eager to issue its own credit card and is exploring the possibility of a link-up with Barclaycard or Access.

The move has prompted accusations from opposition spokesmen that the Conservatives are trying to push through planning permission so that they can dispose of their Coin Street land before GLC elections.

Ownership of the Coin Street site is complex: the GLC owns the freehold of around half the 15-acre site but Greycourt Estates and Commercial Properties between them control around 9 acres of land through freeholds and long leases.

The more is intended to increase Girobank's chances of winning customers from the clearing banks. It would supplement the wide range of services, including cheque guarantee cards and travellers' cheques, which it has introduced since it was founded 12 years ago.

Last year, its customers increased by 25 per cent to £850,000, but it is still far from the popularity to which it aspires.

Girobank would issue the card to its customers but would probably link up with Access or Barclaycard rather than establish its own costly administrative machine. Access or Barclaycard would receive a management fee and this new business would also enable them to reduce their unit costs.

## South Wales companies to make 500 redundant

BY OUR INDUSTRIAL STAFF

FIRESTONE TIRE and Rubber, the U.S. group, yesterday closed its last British tyre factory, at Wrexham in North Wales.

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## UK NEWS - CONSERVATIVE PARTY CONFERENCE

## LABOUR

## The apotheosis of the Blessed Margaret

BY JOHN HUNT

IT WAS obvious from the start of the last day of the Conservative party conference in Brighton that delegates were in a mood of relaxed self-congratulation.

Three days of debate had gone by with only a few minor tremors to disturb the equilibrium of the Government rather than the earthquakes that some political seismologists had predicted.

Sir Theo Constantine, president of the National Union, declared that the debates throughout the week had been lively, relevant, vigorous and firmly answered. Certainly, he said, they were not the anodyne affairs which had been portrayed in the Press.

One wondered whether Sir Theo had been attending the same conference as the journalists who had been scribbling away below the platform for hours at a stretch.

The most common sight of the week had been the myriad ranks of delegates rising to give standing ovations to even the most obscure Minister no matter how mediocre he was.

When delegates at Labour Party conferences rise from their seats it is usually on an acrimonious point of order to boo or to bawl their neighbour over the head. Their Tory counterparts, ... however, seemed to give standing ovations merely for the pleasure of stretching their legs.

Yesterday's programme was no exception. The conference approved a motion welcoming the way the Government had carried out its defence policy in difficult circumstances. Naturally, Mr. Francis Pym received a standing ovation.

The next item was a resolution urging the Government to strengthen the Atlantic Alliance. As this is already

firmly part of Government policy, it was hardly likely to produce any sparks.

An awkward amendment calling on Britain to supply arms to the Afghan freedom fighters was consigned to oblivion. As the Minister replying was Lord Carrington, the Foreign Secretary, the standing ovation was even more heartfelt.

By the time the afternoon session started, the thousands of delegates packing the vast hall were in a mood to applaud anyone or anything.

They clapped the organist at the end of every number. They clapped every faceless official who appeared on the platform.

They guffawed at the salutes of Mr. Michael Taylor as he set about the task of extracting £5,000 from their pockets for Conservative party funds.

This was all a carefully orchestrated build-up to the big event of the day, the

triumphant appearance of Mrs. Thatcher surrounded by members of the Cabinet and followed at a respectful distance by her husband Denis.

What followed had all the atmosphere of an old-time revivalist meeting as the Prime Minister poured out her heart in a testament of her Tory fundamentalist beliefs.

She had scarcely got under way when a couple of Right to Work marchers who had infiltrated the hall started a noisy demonstration.

But as stews hustled the interlopers out, Mrs. Thatcher brushed it aside with a series of wisecracks which put the audience even more firmly on her side.

Carefully skipping over the recent difficulties of money supply, she vowed her followers with a series of those gaudy puns to which Conservative speakers are so strongly addicted—"you turn

if you want to. The lady's not for turning."

At the end of the day she was given a tumultuous ovation that has probably not been seen at a Tory conference since the days of that other great actor-manager, Harold Macmillan.

Four times she had to rise for an encore as delegates stamped and roared.

There were three cheers and the singing of "For she's a jolly good fellow." Then to the strains of Land of Hope and Glory, she made her exit along the central aisle as delegates leaned forward to touch the hem of her garment.

On the platform, Mr. Norman St. John Stevens, leader of the Commons, looked on with the rapt expression of a man witnessing the marvellous event which he had always prophesied—the apotheosis of the Blessed Margaret.

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## 'Mass protests' warning over steel closures plan

BY CHRISTIAN TYLER, LABOUR EDITOR

PLANS to cut another 25,000 as workers in steel and its dependent industries realised they were otherwise powerless to prevent the loss of their jobs.

"There will be an enormous reaction from steelworkers, miners, dockers and transport workers in South Wales," he said.

Meanwhile, the steel committee is due to meet EEC Commissioners this month, to ask for more Common Market aid for British steel and to support moves to declare a "manufacturing crisis" in steel from October 22.

Such a declaration would give the EEC Commission power to cut steel output by member countries—an average of 10 per cent is likely. The unions believe BSC would be excused, since it has already carried 40 per cent of voluntary EEC cuts in shedding 52,000 jobs this year.

Coal and power unions are also to press the Energy Secretary for subsidies to British coal matching those given by West Germany to its private producers. Another union attempt will be made to reconcile the argument between BSC and the National Coal Board about imports of coking coal which directly threatens miners' jobs.

## The lady's not for turning, says PM

BY IVOR OWEN

GROWING ACCEPTANCE that the Government's counter-inflation policies offer the only practical route to economic recovery was claimed by the Prime Minister yesterday when the Conservative conference ended in an astonishing wave of enthusiasm at Brighton.

Outside the conference hall hundreds of policemen struggled to control a mass protest by 5,000-6,000 Right to Work demonstrators while inside Mrs. Thatcher was defiant, cool and caring in turn.

She sounded a note of defiance when again reaffirming that the Government will not be forced into policy changes.

The Prime Minister admitted that another winter of discontent similar to that which rocked the Callaghan Government in 1978 could lie ahead.

Challengingly, she declared: "but I prefer to believe that certain lessons have been learned from experience—that we are coming slowly, painfully, to an autumn of understanding."

"I hope it will be followed by a winter of common sense."

Then, to a roar of approval from the conference, Mrs. Thatcher insisted: "If it is not, we shall not be diverted from our course.—To those waiting with bated breath for that favourite media catch phrase, the U-turn, I have only one thing to say: "You turn if you want to—the lady's not for turning."

This confidently delivered play on words also showed that the lady was not for burning and won a rapturous response from the packed rows of Tory supporters in the hall.

The Prime Minister, tense but unfielding, demonstrated her coolness when her speech was interrupted by some of the few demonstrators who succeeded in penetrating the elaborate security net thrown round the hall.

While stewards hurried to eject the hecklers, she joked that they could not be blamed for getting into the hall.

"It is always better where the Tories are," she said amid laughter.

The Prime Minister was caring in a section of her speech which she said reflected some of her



Mrs. Thatcher was defiant—cool and caring in turn.

most deeply held convictions and beliefs.

After cataloguing the Government's achievements in laying the foundations for economic recovery and recalling that 1.6 million people were out of work when Labour left office, she emphasised that the fact that unemployment had climbed to beyond 2m was "a human tragedy."

The Prime Minister dismissed the idea that there could be the smallest political gain for the Government in allowing such a high level of unemployment to continue.

Nor was there some obscure economic reason which demanded such a level of unemployment as part of its grisly ritual.

She insisted: "This Government is pursuing the only policy which gives any hope of bringing our people back to work."

Mrs. Thatcher reinforced the

## 16 ARRESTED

DESPITE A massive security operation involving more than 2,000 uniformed police from five countries, together with contingents of plain-clothed security officers, at least three Right to Work demonstrators succeeded in entering the conference hall yesterday.

Mild uproar broke out as two leapt onto the speaker's platform minutes before the Prime Minister was due to arrive, but they were arrested immediately. Another was knocked to the floor as he interrupted her speech with a loud interjection, and had to be carried out. All three were charged with breaching the peace.

Mrs. Thatcher quickly recovered her composure and commented: "I can't really blame him for wanting to be here—it's always better to be where the Tories are."

Up to 8,000 demonstrators had been expected, but police estimated the turnout at between 5,000 and 6,000.

Earlier, scuffles broke out as demonstrators paraded in front of the centre and through the town. Chief Constable George Terry, of the Sussex Police force, said that 16 people had been arrested.

The Prime Minister dismissed the idea that there could be the smallest political gain for the Government in allowing such a high level of unemployment to continue.

She did not stress the need for single figure deals but pointed out that those in the public sector had a duty to those in the private sector not to take our so much in pay that it caused others unemployment.

Mrs. Thatcher argued that if spending money like water had been the answer to Britain's problems, there would now be no problems to face.

"If ever a nation has spent, spent and spent again, ours has. Today that dream is over. All that money has got us nowhere. But it still has to come from somewhere."

The Prime Minister was adamant that those who urged the Government to relax the squeeze, to spend yet more money indiscriminately in the belief that it would help the unemployed and the small businessman, were not being kind or compassionate or "caring."

She contended: "They are not the friends of the unemployed or the small business. They are asking us to do again the very thing that caused the problems in the first place."

In a rallying cry to Tory supporters, Mrs. Thatcher called upon them to intensify their efforts in view of the events at Blackpool last week.

She shared the concern and resentment which this caused.

"That is why I and my colleagues say that to add to public spending takes away the very money and resources that industry needs to stay in business, let alone to expand."

"Higher public spending, far from curing unemployment, can be the very vehicle that loses jobs and causes bankruptcies in trade and commerce."

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real and lasting employment."

The Prime Minister admitted that some of those who supported Government policy are concerned by the fact that the burden of carrying it seems to have fallen far more heavily on the public than the private sector.

She shared the concern and resentment which this caused.

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Nor was there some obscure economic reason which demanded such a level of unemployment as part of its grisly ritual.

She insisted: "This Government is pursuing the only policy which gives any hope of bringing our people back to work."

Mrs. Thatcher reinforced the

warning to local authorities that increases in rates—frequently the biggest tax that industry now pays—could cripple local businesses.

Councils must therefore learn to cut costs in the same way that companies have to, she maintained.

Surprisingly, though, the Prime Minister was less outspoken than some of her senior colleagues in proclaiming the need for restraint in public sector wage settlements.

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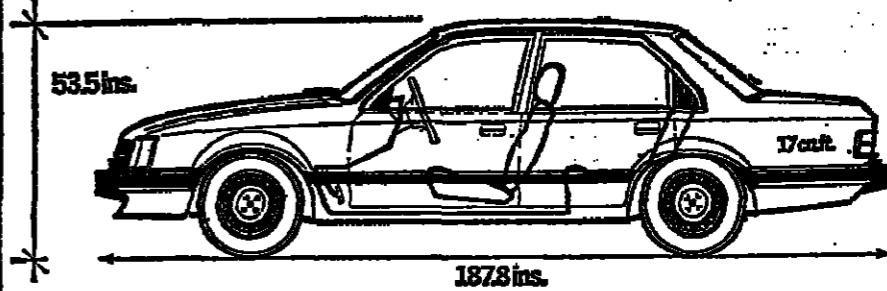
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It's roadholding puts Viceroy in the forefront of cars in this class. We can arrange for you to try a Viceroy soon, to prove it for yourself.

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From £6098THE NEW VICEROY  
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Viceroy is designed to complete the Vauxhall top of the line executive range. It slots very neatly between the Carlton 2000's starting at £6098 and the Royales starting at £10,524. It also means that Vauxhall now have five entirely individual cars in this sector, including the roomy Carlton Estate. Most manufacturers just offer you different engines and different specifications. Vauxhall offer you different cars.

**Do you know about Viceroy's luxury specification?**

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With the introduction of Viceroy, Vauxhall have now launched a series of new cars in the last 5 years, making the range one of the most modern in the country. Chevettes, Astras, Cavaliers, Cartridges, the new Viceroy, and the Royales. With different engines and body styles, there are over 30 Vauxhalls to choose from.

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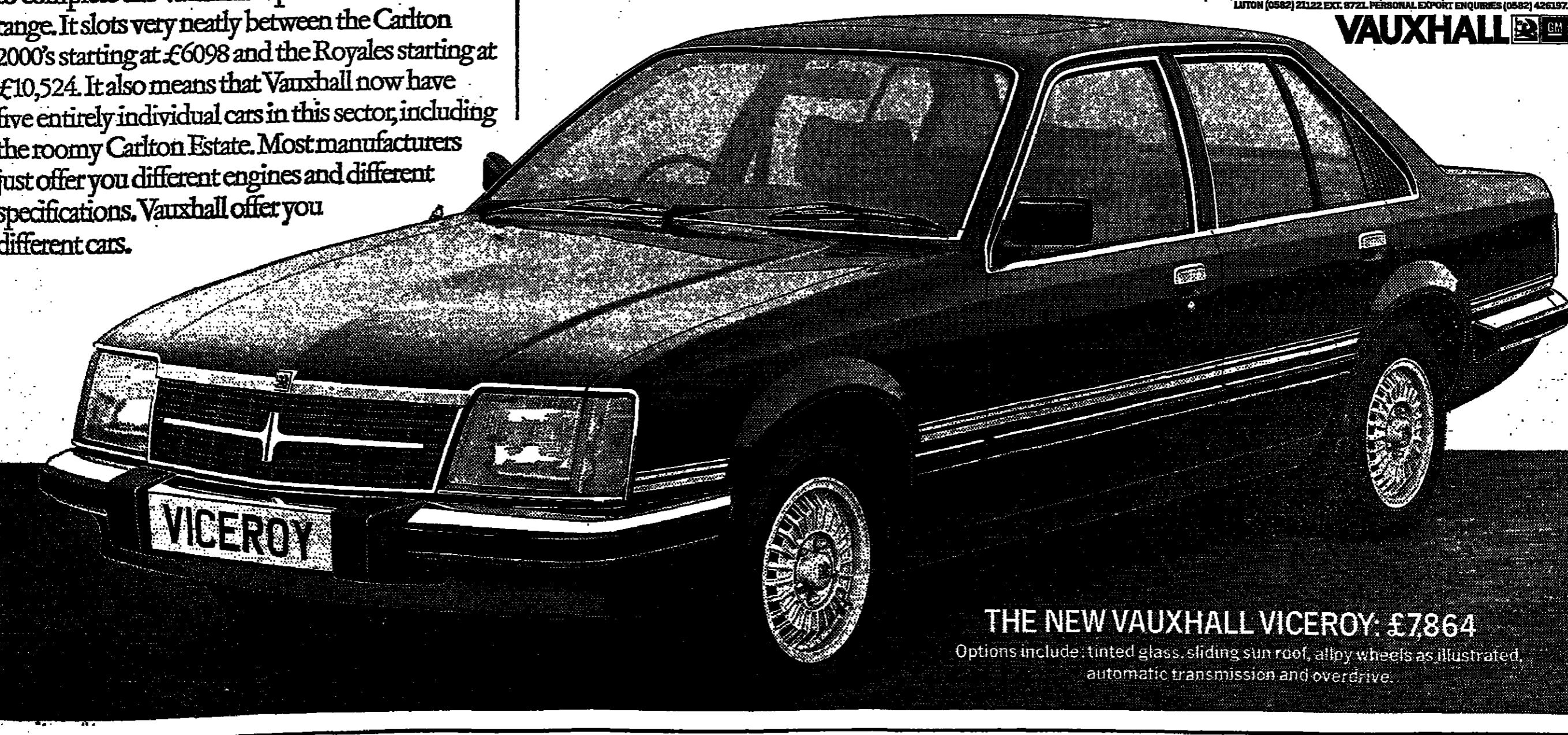
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## THE WEEK IN THE MARKETS

## Brighton caution depresses shares

THE WEEK began well enough on the stock market. Monday brought evidence of a reduced rate of wholesale price inflation, while expectations of good September banking figures and a consequent cut in Minimum Lending Rate pushed the FT 30-Share Index up 5.1 points on Monday. At the same time the Government Broker was selling about £200m of top stock. Around another £200m was taken up on Tuesday when the banking figures turned out much as expected. But they were no better than they were supposed to be and any prospective fall in MLR had been fully discounted by the gilt-edged market.

The Government borrowing figures on Thursday were also fairly reasonable, although hopes of meeting targets for the year require a lot of revenue to be recovered by next April while spending continues to rise. Concern with its borrowing will have helped to make the Government wary of allowing more monetary expansion. Led by the Chancellor's conference speech, official statements of caution over any MLR cut started Gilt's moving down again.

The Stock Market went more rapidly into reverse, as the flow of indifferent results continued

LONDON  
ONLOOKER

depression at the beginning of 1979 and a turnaround in the engineering division. The problems in the dominant glass bottle business are more deeply seated.

Demand for glass bottles has slumped since April. In part, that reflects the impact of a soggy summer on the beverage trade but there is no sign that orders are picking up for the important Christmas season.

The trough is deepening. It may be that Rockware delayed too long in making the crucial decision to cut production. Whatever the case, stocks climbed significantly in the first half with the result that interest payments soared from £97,000 to £255m. Pruning took place in August and the payroll has been slashed by 1,000 jobs to about a seventh of the total workforce.

A term loan of £10m has been arranged and most, if not all, of this new funding has been absorbed into working capital. Debt may stand at about £35m

against £28.4m last year. The group is forecasting a trading loss in the second half and, to make matters worse, a £23m redundancy bill may well wipe out all the benefit of the first half recovery.

In the circumstances, the decision to forgo the interim dividend is not so perplexing but the group is paying the penalty in the stock market. The shares have underperformed the market by more than third over the last three months. The loss of income will not be forgotten in a hurry.

Rockware has to walk a tightrope between excess production and any major rationalisation which would impair its long term ability to respond to a swift rise in demand. The hot summer of 1976 caught the domestic industry unawares and consequently market share was lost to a strong import invasion. The importers appear to have found a permanent niche and, although their estimated share has dropped a bit to around 9 per cent over the last 12 months, the cost of containing competition tightens the margins squeeze still further.

## Glaxo's ulcer

For a supposed growth stock, Glaxo has been unusually volatile this year. This week alone, the shares plunged 40p to 212p, wiping £50m off the group's market capitalisation.

Investors have been upset in the past four months about the uncertainties surrounding the development of its anti-ulcer drug, ranitidine, culminating this week in the announcement that the group had failed to reach agreement with the U.S. pharmaceutical company, Merck, on U.S. marketing.

Ranitidine is seen as a successor to Tagamet, a compound launched in 1976 by Smith Kline and French. It has been successful in the treatment of ulcers but it is still in the research stage and is expected to appear on major world markets over the next three years.

Unfortunately, the benefits of ranitidine are still some time away and in the meantime Glaxo is having difficulty generating reasonable profits. Part of the decline in the share price this week was attributed to nervousness about preliminary results for the last financial year which

are to be published on Monday. Because much of its production is sold in Europe and America, Glaxo has suffered from the increasing exchange value of sterling while having to contend with a high level of cost increases at home. In addition, the group's UK drug wholesaling subsidiary, Vestric, has had to cut margins considerably since price maintenance in the industry was abandoned last year.

These factors had combined to knock interim profits down by 17 per cent but the decline for the year as a whole is unlikely to be so dramatic. Price increases in the UK and Italy on cephalosporins and anti-asthmatics were imposed at the beginning of the year and profits in these key product areas should have improved considerably.

The range of forecasts in the City is remarkably small, from £63m to £68m compared to £72.3m last year. But while the interim dividend was raised 40 per cent, nobody expects much if any increase in the final.

Another source of pressure on the shares this week is speculation about a rights issues accompanying the figures. Whatever the terms, such an offering would oblige the company to say more about its expectations for the current year than it might otherwise be inclined to do. And the prospects are probably dull.

## Mail order

The notion that mail order companies are defensive stocks to be tucked away during a recession is looking a bit strained after this week. Half year figures from Empire Stores and Freemans were as poor as

expected but it was the companies' cautious comments about the current six months which really surprised analysts.

At Freemans, half time profits fell from £7.5m to £5.08m and chairman Mr. Anthony Hampton warned that the trading position had worsened since the interim and second half sales and profits would be lower than those just reported. At Empire six months' profit fell from £3.49m to £2.32m and the directors said that the full year will be well below the previous 12 months' £9.12m.

These indications came as a savage blow to those who had thought that trading in the second half would show signs of improvement. The outlook now is for Freemans to produce something like £9m to £10m profit for the year against £15.5m and Empire to show profits around £5m. Furthermore, though it is possible to see some recovery in 1981 it is very difficult to predict that the mail order groups will quickly bounce back in terms of profits.

For investors it has been a time for a reappraisal. The mail order sector has been gradually increasing its share of the non-food market since the mid-1950s. It now stands around the 8 per cent mark and there must be doubts as to how much more the mail order groups can carve out.

If the mail order sector has reached maturity it is only another step to see that competition will undoubtedly increase. Margins are bound to suffer as the companies try to win customers away from each other.

There must be some doubt

creeping in as to the sector's ability to keep hold of some fairly high stock market ratings and share prices could come under further pressure.

is also worried about the Iran-Iraq, and the possible impact on oil supplies, and to cap it all, corporate America has run

smack into the third quarter earnings season which could produce some interesting results.

The captains of industry had a chance to air their collective views at the annual autumn get-together of the Business Council at the sumptuous Homestead resort in Virginia yesterday. They seem to think that a mild recovery is on the way, and that interest rates will go down—someday.

This is not earth-shattering, but it is quite encouraging for someone wondering whether he should commit funds to the market.

Even so, interest rates seem to be holding up. No one cut

the prime rate this week (Citibank even held on grimly at 14 per cent all by itself, 1 per cent higher than everybody else) and though last week's money supply figures showed the first drop in more than a month and gave the market its big fillip on Monday, the fund did not last.

Obviously for stocks, deposits in the competing money market mutual funds have begun to creep up again as investors seek out the higher yields.

All this adds up to enough uncertainty to give the market some strong resistance level somewhere between 960 and 970 on the Dow Jones Industrial Average. The summer bull market peaked out at 974.57 on September 22 and has been

International Harvester is to discontinue production of Jeeps now that talks of a possible rescue have fallen through. And the shutters also went up on another long-running story Agache-Willot, the privately held French steel group, said it will close down the entire Korvettes chain by early next year.

The New York department

store business has brought

nothing but problems and debts

since the Frenchmen bought it

for \$42m only 18 months ago.

shattered in all its attempts to get back there since.

Anyone looking for reasons to stay out of the water just now could argue that what strength the market has shown in the last few days has been due to only a couple of sector oils and high technology. The oil majors have got a boost from fears of a petrol shortage due to the gulf war, and they always attract a lot of attention.

## NEW YORK

IAN HARGREAVES

Atlantic Richfield, Standard California, and Exxon were among the biggest gainers.

The high technology stocks

were led by IBM which headed

the actives list most of the week

in the run-up to its third

quarter earnings announcement

yesterday. As expected, this

showed a sharp 33 per cent

improvement, shaking off the

vestiges of last year's sluggishness thanks mainly to its

clients' shift back to buying

rather than renting computers.

NCR also spurred more than

\$4 on good third quarter results

and the general excitement

swelt other stocks along too.

The blot on the electronic

landscape was Burroughs (now

headed by former Treasury

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on the day, and its

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## FINANCE AND THE FAMILY

## Personal effects and a will

BY OUR LEGAL STAFF

In accordance with my sister's will, I am entitled to her "personal effects." Do these include money and travellers cheques in her handbag at the time of her death? Does a death grant from a superannuation scheme go to her next of kin (myself) or to the charity which get the remainder of her estate?

The cash and travellers cheques would not be included in "personal effects." The death grant falls into the estate and thus increases the amount available for the charities.

## VAT and central heating

Under Central Heating and VAT (August 23) you stated that the expense involved in converting from an oil to a gas boiler was liable to VAT. If an extra radiator was put in somewhere else, do you not agree that zero rating for VAT would apply?

We do not think that your suggestion will be effective in obtaining zero rating. The Customs & Excise practice is that the replacement of a boiler will only be zero rated if the replacement is of appreciable larger heating capacity and the replacement is made in conjunction with the supply of additional radiators.

## Registrar and bias

My husband's ex-wife's solicitor is assistant registrar at the magistrates court at which my husband's maintenance order is registered. Is this possible and if so, is there anything we can do about it since both we

and my husband's solicitor feel it is biasing the registrar in his decisions? Secondly, my husband's ex-wife is still on legal aid even though her income is considerably higher than that which she originally declared when making her legal aid application. She says that since she is on legal aid and it costs her nothing she can go to court for maintenance variation as often as she wishes. Can anything be done about this?

Your husband can apply for the transfer of the case to a more convenient court where no question of bias would arise. It is possible to apply to the area Law Society to revoke the legal aid certificate, although that is seldom done.

## An additional pension

Referring to your reply under An additional pension (July 28), do I, as an employee, have the right to insist that my AVC (towards which my employer contributes no money), should be invested with a particular insurance company? If the trustees, who are synonymous with the employer, refuse this, is there some outside appeal?

An employee does not have the right to insist that his AVCs should be invested with a given insurance company. He simply has the right to invest in the company superannuation fund or not. You have no right of appeal to any outside body over the way in which your employer's pension fund is managed. You have a free choice whether to pay AVCs or not.

The only circumstances justifying action against trustees of

a pension fund is breach of trust or negligence in their capacity as trustees. Differences of view over how money should be invested exist in virtually every scheme. It is not, however, grounds for the law intervening to force your views on trustees who have usually been given very wide discretionary powers.

## Liability for causing damp

My neighbours in the flat above frequently allow their bath to overflow with the result that water runs out of the overflow pipe down the outside wall of my flat. Signs of damp are now appearing on the inside walls. Are my neighbours liable for the cost of redecorating?

You probably can make a claim against your neighbour in negligence, nuisance, and under the absolute liability known as the rule on Rylands v. Fletcher. You should consult a solicitor, if the neighbour does not accept liability.

## Gains on sale of business

I am 72 and my wife is 77. Our family trading company ceased trading in July 1977 and it is now proposed to go into liquidation. Will the company be liable to capital gains tax on the sale of the premises? My wife holds £14,000 out of a total of £15,000 shares. Will she have any tax to pay?

There are two distinct tax bills in the offing. First, the company is chargeable to corporation tax (30 per cent effectively) on the gain arising on the sale of the freehold. Secondly, your wife will be chargeable to

capital gains tax on the gain arising when the liquidator distributes the company's net cash balance to her (as will the other shareholder).

## Trees blocking light

My horticulturist neighbours have planted a line of eucalyptus trees on my boundary. My kitchen window is only eight feet from this line of trees and they expect them to grow to at least 30 feet. Long before they reach 30 feet, my kitchen will be practically without light.

## No VAT on services in Australia

I hold shares in Australia, which in accordance with the Bank of England ruling are held by an approved agent in Australia. I am advised by the Overseas Department of my UK bank that the safekeeping charges arising in Australia are liable to VAT because I am resident in the UK. This is not the case. Do you think this is right?

We should point out to you that there is no longer any Bank of

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

density of the eucalyptus hedge. What redress have I against the lack of light in my kitchen?

As your cottage is more than 20 years old (and assuming that the kitchen window is likewise) you are entitled to restrain your neighbour from infringing your right of light. You should write to the neighbour now warning them to a height which would infringe your right. If no steps are taken to keep the trees to a reasonable height you can either lop them yourself or apply to the court for an injunction requiring them to be lopped.

A question facing many commuters... the problem of car sharing



## How insurers help you to keep out of a jam

## INSURANCE

JOHN PHILIP

minimum each is asked to pay.

The criterion of profit is used to establish the dividing line—but profit is not an absolute; what constitutes a profit must vary from one motorist to the next, depending on the size and type of car, its particular petrol consumption, running costs, and so on.

There are thus no fixed charges per mile which can be said either to have or not to have any profit element—each motorist must do his own sums.

In practice, by and large most motorists underestimate the cost of owning and using their cars, and so most will almost certainly undercharge their passengers, thereby keeping on the right side of insurers' undertaking.

During the two years since insurers gave their undertaking to Government there has been no evidence of abuse of this relaxation of the hiring exclusions, even though the undertaking included not just small or average private cars, but all vehicles insured under private car policies "not constructed or adapted to carry more than seven passengers (excluding the driver)."

This week a new Transport Act has come into force which has enlarged a little further the possibilities for car sharing. An amending clause in the new Act refers to a "vehicle not adapted to carry more than eight passengers"—and as legally passenger is distinct from driver, insurers have now to apply their 1978 undertaking to slightly larger vehicles provided they are insured under private car policies. The nine-seater vehicle is now within the car sharing rules.

Insurers were and still are most anxious to prevent any one providing a local private hire service under the shroud of offering car sharing facilities for a contribution; there is a deal of difference between the private motorist who provides a service for friends, and the motorist who in reality is running a passenger carrying business—and this difference is reflected in the insurance premium.

In present circumstances investors need to look carefully for sound long-term investment opportunities.

For some time now we've been recommending Australia because it is a politically stable area offering a high potential return over the long term.

And the recent performance of Barclays Unicom Australia

Trust has rewarded the judgement of investors who have been taking our advice. The Trust is 4th out of 413 trusts in *Planned Savings* magazine's statistics of capital growth over the last year.

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Australian energy supplies represent an excess of 30% over demand. The government is pursuing policies to boost company profits and the inflation is still below the average of other western economies.

It's a healthy picture—and as the largest unit trust specialising in Australia, the prospects for Australia Trust look just as promising.

The Trust's aim is to obtain long term capital growth by investing in a spread of Australian companies and some British

borders came into use in Britain in 1892 and have been fairly popular ever since. Stamped sheets, issued from 1840 onwards, gradually declined in popularity in the 1860s as envelopes became more fashionable. They were revived in Britain in 1941 to serve an entirely new purpose, in an entirely new medium. They were provided so that British prisoners of war could write home, and this explains their inscriptions in German and Japanese as well as English. These POW airmail sheets were soon extended for military and civilian use, and continued to this day as airmail.

Although Britain takes the credit for inventing the airmail, airmail cards were pioneered by Douglas Gumbly in 1933 for use in Iraq, where he was then Director of Posts. This has been ignored by Iraq, but Guernsey recently paid tribute to Gumbly by issuing a pictorial airmail to mark the centenary of his birth.

It is as a commemorative medium that postal stationery is enjoying something of a revival with philatelists. This is not a new idea, since Britain and New South Wales both celebrated the gold jubilee of their penny postage systems with pictorial cards and envelopes in 1888-90, and many European and American countries issued stamped postcards with commemorative vignettes and inscriptions at the turn of the century. Stationery went out of fashion with philatelists because of its sheer bulk, but it has always enjoyed a steady following among specialist, one-country collectors. In the period between the world wars many countries, notably France, Germany, Czechoslovakia, Austria and Switzerland, issued stamped pictorial cards in long sets aimed at the tourist trade.

Sweden changes the design of its stationery at regular intervals, using a thematic in the impressed stamp. The latest series takes children's games as its subject and depicts a girl on a swing (1kr 40 postcard), a boy with a hoop (1kr 50 letter card) and kite-flying (2kr airmail).

Although England had pictorial airmail in 1965, featuring the Tower of London and the Houses of Parliament, tourist airmail cards are now largely confined to Scotland, whose latest issues have featured military uniforms and historic artifacts in the National Museum of Antiquities, to celebrate the bicentenary of the Society of Antiquaries.

Stationery is often used nowadays to publicise or commemorate events and personalities which the issuing country does not consider quite worthy of adhesive stamps. Italy has just released a charming card publicising the Pescia Flower Centre, while the United States is issuing a 10c postcard on October 7 marking the bicentenary of the battle of Kings Mountain, North Carolina.

The above table shows how the trust has performed over several periods compared with the Financial Times Ordinary Index and the Sydney All Ordinary Share Index.

You can invest in Barclays Unicom Australia Trust with a lump sum of £250 or more. Or, if you wish to invest on a regular basis with tax relief, you can make a monthly payment of £20 or more. Please fill in the subscription form below.

You should remember that the price of units and the income from them can go down as well as up.

The offer prices which can change daily were 146.8p per accumulation unit and 112.4p per income unit on 9th Oct. 1980 with an estimated gross yield of 12.7% p.a. The first payment to new investors in income units will be on 1st February 1981.

Prices and yield appear daily in the Financial Times and other national newspapers. The offer prices include the initial management charge of 5% and there is a half-yearly charge of 3.5% plus VAT. Remuneration is paid to qualified intermediaries; rates are available on request. You can sell back units on any business day at the bid price ruling when your instructions arrive. Payment will normally be made within seven days of receipt of the renounced certificates.

Any branch of Barclays Bank can give further information and advice.

Barclays Bank can give further

## All in the cards

## STAMPS

JAMES MACKAY

Carrollini as they are known, cannot be strictly regarded as postal stationery in the true sense. Nevertheless, these covers are of immense interest to collectors and they have even been forged.

The first examples of postal stationery in the modern sense appeared in Sydney, New South Wales in 1888. Sheets of note-paper bearing the embossed coat of arms of the colony were sold for a penny and could be used postally within the Sydney area. These letter sheets did not prove to be very popular but they remained in use for several years. Those used in the earlier period are very scarce and are highly prized by philatelists. Several different designs of the embossed stamp are known to exist.

Württemberg and Finland both had stamped stationery before they adopted adhesive, and it should be remembered that Rowland Hill originally pinned his faith on the pictorial envelopes and wrappers designed "Billet Port Payé" and these would rank as the world's earliest postal stationery if any of them should come to light. These wrappers were ripped off when the letter was opened, and this probably accounts for the fact that none of them has survived.

Stamped stationery next appeared in Sardinia in 1818, but as the stamps depicting a horseman were used to denote the payment of a government tax which had been instituted as a tax on correspondence, the

letter-cards with perforated

and they have always been infinitely more popular with the letter-writing public. Postal administrations persevered with stamped stationery, usually for the sake of convenience, or in the hope of inducing the public to use stationery of a uniform size and weight. Postcards, invented in Austria in 1869 and adopted in many countries (including Britain) a year later, came into this category and for many years only pre-stamped cards were permitted. Reply-cards were introduced in 1883 but with the advent of business reply cards demand for them fell sharply and production ceased in 1970.

Letter-cards with perforated

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in income/accumulation<sup>2</sup> units of Unicorn Australia Trust and enclose a cheque for this amount.  Delete where not applicable.

I/We understand that units will be brought for me/us at the offer price ruling on the day of receipt of this application. A *market valuation* of units purchased will be sent to you. *Commission* will be paid within six weeks. In the case of first applications all must sign. This offer is not available to residents of the Republic of Ireland.

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## YOUR SAVINGS AND INVESTMENTS—1

Eric Short looks at the school fees snowball

### No fun for parents

WITH THE children back at school after the summer break, father's worries start all over again. The problem of school fees escalates every year—just how much is shown by a second survey of clients' financial circumstances made by C. Howard and Partners, school fees specialists.

In spite of all that is offered in the way of saving ahead out of income and making use of capital, the only way that many people pay for their children's private education is out of net earnings at the time the children go to school.

The survey shows that fees on average have risen by 48 per cent over the past two years from £1,616 to £2,389 in the spring of 1980.

The average father's earnings have improved by only 31 per cent from £11,870 to £13,542, those of mothers who go out to work, by only 12 per cent from £2,600 to £2,919.

Not surprisingly the amount spent on children's education rose from 17.9 per cent to 22.3 per cent of the family budget.

Yet the demand for private education still remains strong and not only for the rich. Less than 4 per cent of fathers earned over £30,000. Over half the clients interviewed earned between £10,000 and £20,000 and almost one-quarter earned less than £10,000.

It is difficult to envisage how fathers in this lower earnings category can afford to have even one child educated privately, given that fees have to be paid out of net income.

The family income is being increased mainly by wives going out to work and by father taking a second job. In nearly half the families, wives went out to work (and were exploited in the process) and in half these cases the job was taken solely to help pay the fees.

The survey carries the hidden message that the only way to ease the burden when the time comes is to save in advance from income and to be prepared to make proper use of any capital available.

If parents start early enough so that there is at least 10 years before the main fees are payable, then savings can be made through a series of endowment contracts—either with profits or unit-linked—getting the tax



A worry for mother... must she work to keep a family at school?

C. Howard and School Fees Insurance Agency both operate capital schemes as charitable trusts whereby the subscriber has the benefit of tax exemption. But if the capital is in the form of paintings, antiques or similar objects it may pay to hold on until the last minute.

In the two years between the surveys the proportion of people receiving help from other members of the family has risen from 28 per cent to 35 per cent. Grandparents still remain the main beneficiaries, either directly or through family trusts. But it is still not certain that the help is being given in the most tax-efficient manner.

It appears that grandparents are handing over lump sums rather than making annual payments.

Since last year, the best means of passing on money to children is by means of a covenant—the children thereby reclaiming tax. But this means pledging payments for at least four years. It looks as if this tax efficient method is not being used as much as it might be.

"School Fees Research 1980" from Sue Douthwaite, C. Howard and Partners, 177, Regent Street, London, W1E 5UZ (telephone 01-734 8631).

THE FOUR thousand or more members of Lloyd's of London, who are planning to meet in the Royal Albert Hall on November 4, do not expect to listen to a performance of George Frederick Handel's Royal Firework Music ahead of Guy Fawkes night.

Nor do they want to celebrate the outcome of the American election prematurely, which is to be held on the same day.

The members who are attending out of a total Lloyd's membership of 18,552 will be there to authorise the ruling Committee of Lloyd's to promote a new Act of Parliament; and to accept, at the Committee's discretion, any amendments proposed during the Bill's passage through Parliament.

It will be the first time the members have been asked to do this since 1857 when the last Lloyd's Act was brought into being to amend other Acts of Lloyd's from 1871 to 1925.

The latest legislation is designed to improve Lloyd's self-regulatory mechanisms after a series of scandals in the market during the last two years.

To gain the approval of the membership, which supports the market through committing its wealth, Lloyd's is attempting to yoke together two rather alien procedures.

A procedure devised in the last century by the Earl of Wharncliffe laid down the following. Before a Private Bill—Bill promoted by private interests and not by the Government nor by an MP (a Private Member's Bill)—can be presented to Parliament it has to be first approved by those concerned voting either in person or by proxy at a meeting.

A majority of 75 per cent is required to carry the day. That

### Remember the fourth of November

is the parliamentary procedure.

out of it by the then chairman of Lloyd's, of course, has its own rules.

Lloyd's has its own by-laws. Bye-law 38 says that "a resolution brought forward at a general meeting shall be decided by a show of hands or a division, unless a ballot is demanded by six or more members present, which ballot shall be taken at a subsequent general meeting (summoned for that purpose) to be held within 15 days of the meeting at which the ballot is demanded."

If that ballot is demanded under Lloyd's by-laws it will deprive the proxy voters of a say in a matter. To vote under a Lloyd's by-law ballot the members would have to turn up at Lloyd's in person to vote.

"We cannot change the standing orders of Parliament," Mr. Peter Green, Lloyd's chairman, has told members, "but we can adapt our rules. As this meeting is concerned with matters of such importance to the well-being of Lloyd's, I hope you will not wish to exercise your right to call for a ballot under bye-law 38 and that you will allow us to comply with Parliament's standing orders."

In 1951 somebody did attempt to urge the bye-law procedure to be followed but was talked

out of it by the then chairman of Lloyd's. The vested and sectional interests of Lloyd's are much greater than they were in 1951 and the majority of the meeting will be formed by those that work at Lloyd's rather than those who put up the capital and take profits. So Lloyd's is holding its breath. The draft Bill as amended by Lloyd's committee is not popular in all sections of the market. But any resistance is likely to be overruled by the proxy votes now pouring into Lloyd's in favour of the bill. Will any rebel decide to disfranchise the proxy vote by calling for a ballot?

The draft Bill as amended by Lloyd's committee is not popular in all sections of the market. But any resistance is likely to be overruled by the proxy votes now pouring into Lloyd's in favour of the bill. Will any rebel decide to disfranchise the proxy vote by calling for a ballot?

In any event even if a ballot is called Lloyd's still has time to meet the parliamentary deadline of November 27 for inclusion of its Bill in the legislation of the next session.

John Moore

### The blue-collar bank

AVCO TRUST, one of the new breed of U.S. banks and finance houses entering the UK retail market, opened its first "retail bank" in Sunderland, Tyne and Wear, yesterday.

An advertisement in the local paper, the Sunderland Echo, proclaimed the message which Avco hopes to get across: "A new kind of banking service provided specially for you."

"Walk into Avco Trust and you'll notice the difference. Instead of cold, impersonal counters you will find a friendly, open-plan office where you can sit down, relax and talk to interested people who will give you expert advice on how to handle your money."

The Avco branch is indeed very different from the typical high street clearing bank branch. There are no grilles or reinforced glass partitions separating staff from the customers.

The staff are not at all like the bank staff we are used to but are chosen so as to identify with the blue-collar workers Avco is aiming at. Indeed, Avco says its personnel are taught that, above all, they must never talk down to customers and to cut out financial jargon which goes over the head of the average man in the street. "The essence of our operation is to take the mystique out of

banking services," Mr. Adrian Bloomfield, Avco's treasurer, said.

The services which Avco provides include current accounts with the usual £50 cheque guarantee card. Avco will actually pay the customer 5 per cent interest on his credit balance, as well as providing all services free as long as the account is in credit.

Avco is also offering a range of fixed-term, fixed-interest deposit plans which give the customer a guaranteed return on his money.

The chances are that more people in Sunderland will be making use of Avco's credit facilities as its deposit-taking services. Ironically, the town has an unemployment rate well above the national average.

When it comes to opening hours Avco also has an advantage over the clearers. The Sunderland branch will be open from 9 to 5 each weekday and from 9 until 12.30 on Saturdays.

Avco, like several other U.S. banks and companies with banking ambitions has identified the UK retail banking market as an unparalleled growth opportunity. This is hardly surprising since between 40 and 50 per cent of UK adults still lack a bank current account.

"The market is fantastic out there. Somebody is going to

crack it and we think we can do it," Bill Barrett, the Dubliner who heads Avco operations for the UK, says.

For the present, however, Avco prefers not to say anything that might upset its clearing bank friends. This is because it depends for its funding on these same banks.

The result, of course, is that Avco charges higher interest rates for its loans and overdrafts than the clearers. At present an overdraft will cost around 23 per cent while personal unsecured loan rates range as high as 40 per cent.

The story behind the opening of the new Avco Trust branch in Sunderland had its origins earlier this year when Avco Financial Services, a Reading-based consumer finance organisation purchased Red Dragon Securities, a business with a banking licence which was established in Sunderland.

The key to Avco Trust's future expansion lies in the 30 branches of Avco Financial Services which have already been set up since the company opened in the UK in 1972. Avco intends to merge the activities of the two companies.

Mr. Barrett claims that 150 branches of Avco Trust will open during the next 10 years.

Michael Lafferty

### Just what is there left for the successful businessman?

For the man or woman who works hard at making a success of business there should be appropriate rewards.

Unfortunately it's becoming more and more difficult to find them, let alone pay for them. Personal tax coupled with inflation make it almost impossible to earn enough to afford a lifestyle to which you would like to become accustomed—or perhaps once were.

As a clergyman said recently, "It's no longer a sin to be rich. It's a miracle."

Whether your business employs 5 or 500 people, National Provident Institution can help you get the proper rewards for the effort and drive you put into your job.

With us you can build large tax free cash sums as well as generate high annual income taxed only as earned income.

And the beauty of NPI's plans is either that they need involve no personal expense because they can be paid for totally by your company which receives full corporation tax relief on contributions, or if it's a personal contribution, you'll receive tax relief at the highest rate that you pay.

They allow for flexible retirement age and very rapid tax-free build-up of capital.

You can find out more about how NPI can help those who put everything into their business from any good professional advisor. Or write to us direct, (stating whether you're self-employed, employed as a director, or a partner) to Norman Worley, National Provident Institution, 48 Gracechurch Street, London EC3. We'll send you a leaflet which explains the basic details. It's free. And it will show you the right way to go about getting what's left for the successful businessman.



### Gartmore Gilt Trust

A way of securing a regular quarterly income with prospects of capital growth

The aim of this Trust is to provide investors with a high level of income, paid quarterly, together with a measure of long-term capital growth, from a managed portfolio of UK Government Stock (Gils).

#### Why Invest Now?

As many of those involved in manufacturing and retailing are aware, real economic activity has fallen and shows little sign of picking up. One crucial area that can benefit from this recession is the Gilt market.

Throughout the recession, the authorities have held interest rates at high levels as part of their strategy designed to improve the outlook for inflation. There have been many problems, not least of which have been those associated with measurement and control of the money supply, and there may be further problems when the public sector wage round is fixed.

We feel that the Government will maintain their anti-inflationary stance, which will deepen the recession and thus lead eventually to a sharp fall in interest rates. This adds to

applications will be received before and certificates will be forwarded within 21 days. You can call or write to us for more details. The minimum bid price on any dealing date. Prices and yields are quoted in leading retail newspapers. You will receive a cheque within seven days of receiving your requested certificate.

The Trust is administered by a Trustee Deed dated 1970.

Income is distributed on 1st April, 1st July and 1st October each year. The minimum bid price is £100. The minimum annual charge is 1.25% (plus VAT).

The Trust Deed permits a maximum annual charge of 1.25% (plus VAT).

The Managers of the Trust are Gartmore Fund Managers Limited, 2 St. Mary Axe, London EC3A 8EP. Telephone 01-629 6124. (Reg. No. 1972000. Reg. address as above).

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## YOUR SAVINGS AND INVESTMENTS-2

Our taxation correspondent, David Wainman, explains the background to the loophole that allowed the Vestey family to pay a minimal amount of tax.

# No one takes much credit from the tax wrangle over the Vestey empire

"My lords in this complicated case at least one thing is clear and that is the urgent need for the reconsideration by Parliament of the terms of (what is now) S.478 Income and Corporation Taxes Act 1970. If the conclusion I have reached as to the construction of the section is accepted, then there is indeed a gap..."

**THE QUOTATION** is from the speech of Lord Dilhorne on November 22 1979 when the Lords unanimously dismissed the Inland Revenue's appeals, and upheld the cross appeals of six members of the Vestey family.

The case had in the previous two years been taken to the High Court twice by the Revenue—after they had failed to exact all the tax they wanted on the basis for which they first contended, they had tried unsuccessfully a second time putting forward entirely different arguments.

Their appeals from those decisions of Mr. Justice Walton by-passed the Court of Appeal, and went straight to the Lords under what has come to be called the leapfrog procedure in the Administration of Justice Act 1969.

The case arose from a trust set up in 1942 by the second Baron Vestey and his uncle Sir Edmund Vestey. They were the heads of two branches of the family, and it was succeeding generations of their families rather than themselves that they intended should benefit from the trust.

The assets put into the trust comprised certain ranches, cattle breeding properties and freezing works throughout the world, valued at that time at £18m. On the day after they received them, the trustees leased them to Union Cold Storage Company.

The rents which the trustees received were to be accumulated to form what the trust deed refers to as a "rental fund," this fund itself being intended to be divided eventually between the branches of the family. In turn, the income which arose during the build-up period from investment of the accumulating rents was itself to be accumulated.

There was a clear implication that the original settlers had chosen to establish the trust using Northern Irish law, although neither assets nor trustees were located in that country, because it permitted a longer accumulation period than English law.

Accumulation of income within a trust is no particular sin. The trustees will themselves pay tax on it at the basic rate of tax, and since 1973 have been charged an additional 15 per cent.

If the beneficiaries are liable to tax at rates higher than those, they will generally pay the excess at the time the accumulations are released to them. There is thus a deferment rather than any elimination of the higher rates of tax.

But using non-resident trustees used until the mid-

1930s to provide an easy escape route. Trustees living in South America who received rents there from properties around the world (but not in the UK) would not be liable to UK tax. And if the terms of the trust allowed them to make payments out of the capital fund, the recipient could have cash without tax liability.

In 1936 and 1938 Parliament moved to stop this abuse by introducing what is now Section 478 Taxes Act 1970. The thrust of this exceptionally complex legislation can be gauged from the following brief, and perhaps dangerously oversimplified, summary.

Its preamble states that its purpose is to prevent tax avoid-



Lord Vestey, chairman of Union Cold Storage



Lord Dilhorne

Revenue had persuaded the Lords in the Congreve case that the section required only that the individuals mentioned in subsections 1 and 2 be taxable here—the words were not to be interpreted simply as references to the individual in the preambles who had transferred assets.

The Revenue therefore claimed that Subsection 2 entitled them to assess each and every one of the six Vesteys on the whole of the trust income, not only in those years in which they received capital sums, but in every year thereafter, for life.

Apparently insensible of either injury or insult to judges who care about equity and equality in taxation, and about the rule of law, the Revenue then claimed virtually that they would concessionally reduce the assessments to a figure equal in the aggregate to the trustees' annual income.

Their alternative claim that the Vesteys had "rights" giving them "power to enjoy income" failed absolutely. But their main claim proved totally abhorrent to the Law Lords—the latter could not imagine that Parliament had envisaged Subsection 2 having the penal effects its words clearly spelt out, nor that the law could or should entrust to the tax collecting authorities such powers to remit tax by concession—and thus to decide who should and who should not be taxed, and on how much.

The Lord's solution last November was to decide that Congreve need not remain a binding precedent; that the Revenue's absurd and offensive contentions could be avoided only if in cases similar to the Vestey's the section were to be reinterpreted. It should apply only where it was the transferor himself who was the reci-

piant of the capital sums in Subsection 2.

That is the size and shape of the loophole which was opened last November. "Passive" beneficiaries could receive capital sums without the tax liabilities which they and their advisers had until then assumed inevitable. "Active" trans-

ferors would still be liable.

All those operating in this field until last November thought the law said otherwise, and overseas trusts designed to provide capital to UK residents

appeared fairly uncticing.

On the heels of Lord Dilhorne's demand for reform with which we started this article, (a demand now picked up by the Chancellor,) it does not seem likely that many new trusts would have been created just to exploit so temporary a gap in the law.

Is this a total collapse of the British tax system or merely a slightly unsavoury case out of which neither the Vesteys, the Revenue, nor Parliament emerge with much credit?

**FINANCIAL** problems facing redundant home owners in search of new work are underlined in the latest house price and mortgage statistics published by the Nationwide Building Society.

These show that there is still as much as £12,500 difference between the price of an average home in the North of England compared with the average price of a home in outer London. This is despite the fact that house prices in the north are estimated to have risen by 4 per cent on average during the third quarter of this year compared with only a 1 per cent rise in the outer London metropolitan boroughs.

The disparity between house prices in the relatively more prosperous south east and those in more depressed regions becomes greater when individual categories of housing are

## HOMES

ANDREW TAYLOR

considered—particularly those in the higher price bracket.

For example, the Nationwide figures show that an average modern detached home in the East Midlands would have cost around £27,000 during the third quarter of this year. A similar home in the Greater London area would have cost just over £53,000.

The figures may be only a rough and ready guide but they do illustrate just how difficult it is in many cases for homeowners to uproot their families to move to areas where work is more plentiful. When Mrs. Thatcher suggested that workers unable to find jobs should move to areas where employment is available she neglected to explain how the home owner should raise the cash to overcome some of the sharp differences in house prices around the regions.

Even those with the benefit of sizeable redundancy payments will find it difficult to overcome this gap while those lucky enough to have the backing of company schemes to help cover the cost of moving often

# House prices: the gap between North and South

have to accept a lower standard in living accommodation than they have been used to.

On top of this people moving to the south east for promotion and other reasons face sharp rises in travelling costs. A worker travelling the 32 miles each day between Coventry and Wolverhampton is eligible for a West Midlands Passenger Transport Executive travel card costing £12.50 for four weeks and allowing virtually unlimited travel on most rail and bus routes in the West Midlands County Council area.

Comparing this with a commuter travelling the 30 miles between Gulliford and London presently paying £59 a month for a rail season ticket.

It is the disparity between house prices, however, which is the major financial hurdle when moving from areas like the Midlands to the South East. Even salary increases and help from firms in the form of grants and interest free loans are not sufficient to cover the disparity in prices. For anyone without this sort of help building societies may be sympathetic but they are still restricted in what they can lend.

Some of the most generous schemes are provided by the banks and the civil service—both being operations which require staff as part of their terms of contract, to move around the country.

Allowances to civil servants include compensation for higher accommodation costs spread on a sliding scale over nine years with a maximum payment of £855 annually payable in the first five years on a move to Greater London.

A married civil servant with two children would also receive a transfer grant of up to £1,200 to cover the cost of moving and providing new fittings. Despite

these various allowances and salary increases associated with moves to London many civil servants still face the prospect of a drop in accommodation standards.

The Nationwide figures also show that home owners in the south and south east spend a greater proportion of their net income on mortgage finance than in many other regions although given the disparity in house prices this gap is not as wide as might be expected.

According to the society previous owner occupiers moving during the third quarter of this year were committed on average to spend 21.6 per cent of net income in the outer London boroughs on net monthly mortgage repayments. On the same basis home owners in Yorkshire and Humberside were committed to spending 18.8 per cent of net income on monthly mortgage payments.

For the first time buyers the difference between the proportion of income spent on mortgages between the south east and the rest of the country is even greater. The problem has been exacerbated by the decline in the private rented sector since the end of the last war. Despite Mrs. Thatcher's urging it is much easier to recommend moving home to find jobs than it is to achieve.

HOUSE PRICES TABLE	
Greater London	29,300
Outer Metropolitan area	31,110
Outer South East	26,450
South West	24,120
E. Anglia	23,290
E. Midlands	19,180
W. Midlands	21,830
Yorkshire & Humberside	18,770
N. West	20,840
Northern	18,650
Wales	19,940
Scotland	22,260
N. Ireland	23,700
United Kingdom	23,600

# THE NAME OF YOUR PENSION FUND MANAGER COULD BE BARCLAYS BANK TRUST COMPANY.

So, what's in a name? Well, let's just say that when it comes to entrusting the care of your company's pension fund to an outside organisation it pays to choose carefully.

As you might expect from its name, Barclays Bank Trust Company is a wholly-owned subsidiary of Barclays Bank.

It is also one of Britain's largest and longest established trust corporations, and it heads a specialist division of the Barclays Group, the one that is devoted almost entirely to the business of professional asset management.

That's one of the reasons why the pension fund portfolios managed by Barclays Bank Trust Company include household names.

But there are other reasons, too. After all, pension fund management is all about performance—maximum growth with minimum risk.

That's why the management team you choose needs to have not just a big name but a lot of wisdom and the information and ability to make the right decisions at the right time.

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## EUROBONDS

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November 11 - December 16

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## MOTORING/TRAVEL

## A great urchin

BY STUART MARSHALL

BY THE time the Austin Metro's fig-leaf fell away on Wednesday, the only things left to reveal were its price and the way it goes. There had been so many leaks, planned and accidental, that everyone knew. It was a hatchback development of the Mini; that in some measure BL's future hung upon its success; and that it was being made in a large, robot-filled factory at Longbridge paid for by £275m of your money and mine.

Its shape was already so familiar (or perhaps not all that much different from its rivals) that last August, when I drove one through London's morning rush hour, few hurrying office workers bothered to give it a second look.

Unlike the Ford Escort, it had at least driven the Metro before the official announcement date.

An excellent little car it is, too. You know it is a Mini that has grown up and got on in the world before you have shifted into top gear because it makes Mini noises, though they are muted. And you can slip it in and out of traffic in a way that enraged drivers of larger, clumsy cars.

It is an agreeable, parkable, street urchin of a car in a city centre. Yet, on the motorway, it cruises quietly at 70 mph and no longer shatters sharply up and down on country roads.

There is a range of five Metros, spanning the just under £3,100 to nearly £4,300 price brackets. All have the same three-door hatchback body but the cheaper ones have the old Mini's 998 cc motor whereas the 1.3S and 1.3HLS have the same engine as the Morris Ital.

Before getting down to details, I will make three predictions.

The Metro should sell like hot cakes in Britain because, at long last, it gives hundreds of thousands of people who have never driven anything but a Mini something to trade up into.

It should also coax back to the British car fold lots of motorists who now drive small French, Italian and Japanese front-wheel-drive hatchbacks simply because, at the time they bought them, nothing was made in this country that matched their needs.

I can't see it achieving comparable success in Europe (where it goes on sale next spring) because, to lure a Frenchman out of his Renault 5 or an Italian out of his Fiat 127, you need not just a better car but a Renault or Fiat-type sales and service organisation. BL



sadly, does not have one; but the Metro may help it to rebuild its organisation and restore its credibility on the European mainland as a supplier of small, modestly priced and up-to-date motor cars.

Softening the suspension and giving it enough travel to soak up the bumps has made the Metro feel more roly-poly than a Mini. It leans a little on corners instead of scuttling round like a tin tray on castors. An illicit mile or two at 80 mph indicated persuaded me that the Metro could be cruised happily at the French autoroute limit.

The HLE (the E is for economy) has the 998 cc Mini engine with the compression raised to 10.3:1. It produces 46 hp compared with the main 1000's 39 hp and pulls higher gearing. Performance is less urgent than that of the 1.3 HLS but the HLE will, I think, be the best seller, because its claimed economy is outstanding. All Metros better 50 mpg at a steady 86 mph and the HLE achieves an astonishing 53.3 mpg, just beating the Renault 5's 57.8 mpg.

I do hope no reader of this column will be misled by the figure over the claimed 53 mpg at a constant 30 mph. It is a wholly meaningless figure. What really counts with people who buy their own petrol is what a car returns week by week on a mix of shopping trips, school runs, commuting or inter-city motorway driving. This I shall discover when I get my hands on a Metro HLE for a realistic length of time.

Where the Metro unquestionably scores over its rivals (many of them long in the tooth like the Renault 5 and Fiat 127) is in having a double-folding back seat that turns its load space into something more like that of a baby estate car than a hatchback. Bearing in mind its probable urban habitat, it is surprising that the vulnerable lower body sides are completely unprotected.

Metro can't possibly solve BL's problems single-handed, as some of the more breathless commentators have been suggesting, but it proves that at last it is pointing in the right direction. The pity is that the money wasted on papering over the cracks 10 years ago wasn't spent on developing Metro for a mid-1970s launch. Then it might really have had a chance of becoming an international high-flyer on the Fiesta scale.

But what you may well be asking, about the Metro?

I have driven only two of them, the 1.3 HLS and the Metro HLE. Heading for the M40, the Metro HLS rode very well over the bumpy back streets of Paddington and was quiet enough on the motorway for the standard push-button radio to be enjoyed. There wasn't much wind noise and the grumbling of the tyres on coarsely textured surfaces was nicely muffled inside. Mechanically, it is pleasingly refined. The seats are very comfortable; the old Mini's hunchback driving position has been banished, visibility is outstandingly good, the window area is enormous and the instruments and minor

details are well thought out.

## Escape from winter

BY PAUL MARTIN

EVEN A reasonable quota of balmy autumn days does not compensate for our disastrous summer and now, as the evenings grow nipper and the mornings crisp, thoughts turn to the temptations of escape from the grip of another northern European winter. This season's crop of glossy brochures, the stuff that dreams are made of, offer a range of the traditional and the innovative.

Long before anyone thought about travel as a mass industry, the well-heeled few used to winter on the Côte d'Azur. To this day the people of Cannes remain grateful to Lord Brougham. He discovered the place for the English.

While you cannot guarantee a permanent blue sky along the Mediterranean, the climate is pleasant and you can at least lunch outdoors in the brilliant early spring.

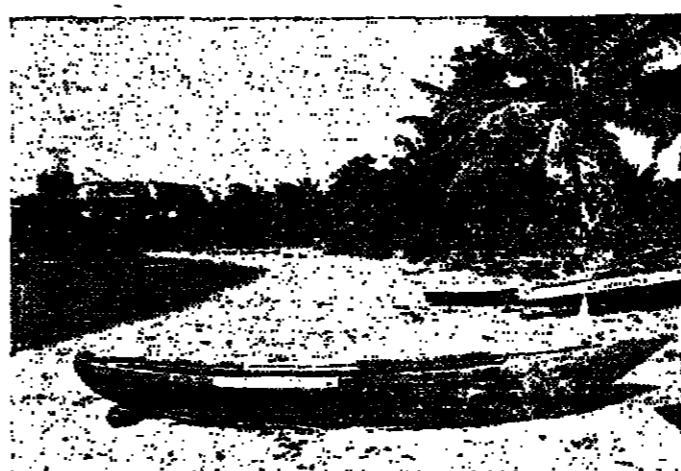
Air France Holidays have a series of arrangements, ranging from weekends to longer stays, at Nice, Cannes, Menton, Villefranche and Monte Carlo linked to the airlines' scheduled services to Nice from both Heathrow and Manchester.

Nor have they forgotten the single traveller. No supplements are payable at the four-star Westminster Hotel on the Promenade des Anglais at Nice where a weekend, with bed and breakfast, costs £129 until November 30, rising to £144 for later departures.

A fortnight's holiday in the Belle Epoque luxury of the Hermitage Hotel at Monte Carlo on a room only basis costs £362 after December 1. However, with two or more travelling together for the weekend at a per person price ranging from £149 at the Hotel Mirabeau, a self-drive Renault 5 is available at no extra cost.

Many other holiday arrangements are linked to airline scheduled services. Blue Sky, operating in conjunction with British Caledonian, includes both the Gambia and Sierra Leone in their winter programme.

The lowest rate quoted for a ten-day half-board stay at the Hotel Palm Grove in The Gambia is £309. The starting price for bed-and-breakfast seven-day holiday at the Hotel



Man O' War Bay, Sierra Leone

Bintumani in Sierra Leone is a new sort of winter holiday in a familiar area are newcomers to this year's lists. Speedbird, operated in conjunction with British Airways, has adopted an attractive and self-explanatory title to introduce "Zimbabwe Sunrise." On this fourteen-day holiday you visit Salisbury, Bulawayo and also take in the Victoria Falls and the Wankie National Park. The lowest listed price is £888 with private facilities throughout on a tour which includes full board at some overnight stays and a wide range of sightseeing tours and excursions.

Many major tour operators feature the Canary Islands but Lazarote Villas are offering a series of fifteen-day holidays on board an Ocean 60 Class schooner, a brand new luxury yacht with a professional skipper at the helm.

I can think of few more idyllic ways of escaping the English winter than spending a fortnight cruising around the Canaries. The ex-London price includes return flights, airport taxes and accommodation in a two-berth cabin. All meals are provided except on one day a week when the cook has a well deserved break. The inclusive cost is £495. There is no supplement for those traveling alone provided they share a cabin.

ADDRESSES:

Air France Holidays, Maycrete House, Boston Manor Road, Brentford, Middlesex TW8 8JQ.

Blue Sky, Blue Sky House, London Road, East Grinstead, West Sussex RH19 1BU.

The Travel Club, which has done so much to open up the Algarve to the British market, quotes from £118 (one week) and £138 (two weeks) for a minimum of two adults travelling together and staying in an apartment at Golden Beach near Albufeira. Return flights, airport taxes and transfers are included with maid service for bed making and cleaning. Car hire at £40 per week enables you to explore the coast and the hilly country.

Meon features some delightful villas close to the fascinating little hill town of Mijas which overlooks the resorts on the Costa del Sol. As all self-catering arrangements vary in cost according to the size of the party, I will take a group of four as an example. £194 per person covers a two-week stay from the end of November to January 26.

Their fully comprehensive holidays, using British Airways scheduled flights, include, in addition to villa hire, a self-drive car with unlimited mileage, maid service, a food hamper, insurance and airport taxes.

Finally, a new country and Upminster, Essex RM14 2TT.

## Search for novelty

## CHESS

LEONARD BARDEN

The gambit's debut 1 P-QB4 to P-P, 4 P-P, N-QP; 5 P-N, P-QP; 6 B-KN, P-KN; 7 P-QP, N-KB3; 8 N-B3, P-B3; 9 Q-Q; B-K3; 10 Q-Q; (Korchnoi-Kane, Biel 1979) gave White a good attacking position.

4 N-QB3 (perhaps 4 P-QB4 to keep the centre fluid is better after the text) Black should counter by 4... P-B4; 5 QP-P, P-QP; 6 P-P, P-B4; 7 P-QP, P-K3? (passive, conceding

White a strong centre). P-QB4 is still best; 7 P-B3, P-QB3; 8 P-B3, P-P; 9 P-QP, P-B4; 10 B-N5, N-B3; 11 Q-Q; 12 KN-K2 (the threat N-B4 and B-R3 now forces Black to concede White the pair of bishops).

KN-Q1; 13 N-B2, Q-Q; 14 Q-Q; Fischer's Poisoned Pawn Sicilian, but another striking case occurred earlier this year in round nine of the Phillips and Drew Kings. There Miles v Sax followed the moves and analysis of a Hungarian game right until move 30 when Miles either knew no further or deliberately diverged.

In general this encyclopedic approach to the problem of opening theory has produced several different reactions from masters and experts who play hundreds of tournament games a year. At the most professional level and given a stereotyped variation with few sidelines, the search for perfection and novelty may extend to move 20 and beyond.

The best known example is

Fischer's Poisoned Pawn Sicilian, but another striking

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## PROPERTY

# Cloistered calm in deepest Oxfordshire

BY JUNE FIELD

WANTAGE, historic market town in the Vale of the White Horse, birthplace in 840 of King Alfred the Great, whose statue dominates its market place, is also known for the Fitzwarren family who owned the manor in the 13th century. Alice, daughter of Ivo Fitzwarren, married Richard Whittington, Lord Mayor of London; and the Wantage bells are recorded as peeling out on November 5, 1656 to celebrate a victory over the Spaniards, more inspiring than Sir John Betjeman's to write:

*Ring praise of their own  
brook and us evenly flowing*

Wantage and some of the pleasant villages in the Berkshire Downs (after local government re-organisation in 1974, the district is now officially Oxfordshire), are accessible off the M4 at Chieveley (A34), or Shefford Woodlands (A338). London is about 14 hours drive, or the main line station at Didcot has a direct service to London Paddington, 45 minutes.

There are several estate agents in Wantage's Market Place, and for houses within walking distance of the town centre, prices are about £22,995 to around £35,000 for fairly traditional homes. At Green and Company, negotiator Mr. Christopher James told me that "things were a bit quiet" although improving at the £60,000-plus end of the market. "In the under and around £20,000 bracket we could sell more if we had the houses."

For a property guide, which contains a map and details of local schools, etc., contact Mr. James, or partner Mr. George Green, at their office, 33 Market Place, Wantage (023 57 3581), which is also open on Saturday afternoons.

Green's current listings include thatched period cottages in the villages at about £29,950 (East Hanney), one at £35,000 (Charnay Bassett), and in Childrey, a cottage facing the village green close by the duck pond is £45,000. Right in the centre of Wantage itself is a recently restored tie-hung 5-bedroom period house in Mill Street, just before the Lamb public house, on offer around £70,000.

Restoration and refurbishment of old property is encouraged by the District Council, whose offices are in Abingdon. The First Structure Plan for Oxfordshire, published by the county four years ago, set out: "Conservation of the architectural and historical heritage will continue to take priority in the consideration of proposals in the Wantage Conservation Area."

The pretty period cottages and houses in Priory Road, along from the 13th century church of St. Peter and St. Paul, are well-preserved. (The church has later additions by Gothic-revival architect G. E. Street, who lived in the town for two years from 1850, before moving to Oxford, 15 miles away, where William Morris became articled to his firm.)

Just off Priory Road, before you get to Lock's Lane, is St. Michael's, whose cloistered calm

gives a clue to its history. Pevsner in Penguin Books' Buildings of England, Berkshire, calls it "a retreat house . . . heavily picturesque, of brown stone with thin brick motifs and pointed brick tympana above the windows." Designed by William A. White, original member of Charles Ashbee's Guild and School of Handicraft, sometime between 1852 and 1855, the chapel by A. A. Allin was added about 1888, and another part of the building bears the date in the stone of 1897. It was "spot-listed" grade II in 1978.

Kathleen Philip in Victorian Wantage (this and three companion publications can be bought from Mr. Miller, bookseller in Mill Street), says that in 1852 a Mrs. Trevetlyan started a training school for girls there. She left the house to the vicar, who re-established his pupil-teachers' college in the house.

I first saw the handsome quasi-Gothic buildings in April, deserted and rather forlorn, although still sturdy in appearance. Inside there was no doubt of their ecclesiastical lineage, many of the little rooms bearing labels lettered in a fine script, "Hope," "Faith," "Goodwill" and so on.

Now Barrett Developments are creating nine really spacious units within the original structure, retaining the curved windows, and much of the original arts and crafts dark stained woodwork, particularly around the door and window frames. Most of it is being painted white, which purists might regret, but one has to admit it



Old Pyles, in 1/4 acre in the village of Aston Upthorne, Oxfordshire, is a 17th century timber-framed thatched house with 3/4 bedrooms, 2 bathrooms plus a bedroom and



St. Michael's Wantage, mid-19th century eclesiastical building, listed Grade II, is being converted into 9 large units by Barrett. Prices are from £44,500 to £95,000, for two to six bedrooms, two to three bathroom accommodation, including garage and/or private car

parking, patio or garden. A coachhouse opens next Saturday, 11-4, which will then be open Wednesdays to Sundays inclusive. For details telephone Wantage 45834, or write David Preddy, Barrett House, 448 Hitchin Road, Luton, Beds (0582 31181).

Strutt & Partner, 13 Hill Street, London, W1 (01-629 7282).

Hitchin Road, Luton, Beds. (0582 31181).

Later in the year the remaining four properties, with four to six bedrooms will be released.

One unit will contain the old chapel with its stained-glass windows, a galleried room inserted above, plus an enormous cellar; another has a suite for a teenager, an pair or granny, plus a little courtyard and the original bothy (garden store), which would make an ideal workshop.

There will also be two plots for car parking; each home has a patio, or some have a back garden with apple trees, which is big enough to keep a horse in; the 3-acre grounds go down to Letcombe Brook, where some ducks waddled up to me when I was looking around last week.

For a colour brochure with detailed plans, contact Mr. D. A. Preddy, marketing director, Barrett Developments (Investments), Barrett House, 688, Hitchin Road, Luton, Beds. (0582 31181).

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There will also be two plots for car parking; each home has a patio, or some have a back garden with apple trees, which is big enough to keep

## BOOKS

# What Gloria knew

BY JANET MORGAN

**Little Gloria: Happy At Last**  
by Barbara Goldsmith. Macmillan. £9.95, 650 pages

Why should the trifling story of the battle for custody of "Little Gloria" Vanderbilt in 1934 prove so riveting? With the exception of a Scotch maid, a Bavarian prince and an American doctor, every single character is unsympathetic. Fragile, ignorant Gloria Vanderbilt, her widowed mother, shuttles back and forth between Europe and America, hotels, villas, palaces and nightclubs, glancing only occasionally at Little Gloria, the daughter on whose income she depends.

Little Gloria, alternately morose and hysterical, is urged into tantrums by morbidly devoted Nurse Reissbach. The child is surrounded by doctors forbidding exercise and prescribing bran and enemas, blood tests and X-rays, and by armed guards from Pinkerton's agency. From the age of eight she lives almost permanently with her Aunt Gertrude Whitney, a dour matron.

Gertrude's enormous wealth stifles her talents by confining her to Society and (we are not sure which) simultaneously allows her to support a ragtaggle crowd of American painters and sculptors, to collect their work, to hawk out huge sculptures (while preserving her long, blood-red fingernails) and to write a lesbian novel and keep a searing diary.

Mother and Aunt, with a supporting cast of private detectives, disloyal servants and dissolute friends, quarrel over Little Gloria's custody in a trial covered by avid and insatiable reporters. Acting for Gertrude Whitney is Herbert Cromwell Smyth, a distinguished, supercilious legal adviser, expert in Munsterberg's autosuggestive technique. Gloria Vanderbilt's counsels is Nathan Warren, an ambitious, show-business lawyer, a Romanian Jew, who will eventually die of overwork and a broken heart. The Judge, a devout Catholic who loathes titles and distrusts alcohol, sex, drugs and Europe, hears their recitals with amazed horror. He is so shocked by the witnessess' accusations of every conceivable vice, from possession of porno-

graphic books to lounging about in beach pyjamas and negligees ("a sort of Continental house wives," the lawyers helpfully tell him) that he closes the court to the press and issues daily summaries of proceedings himself, competing with leaks by colouring them imaginatively. When it is all over, he loses his reason. Only the Scotch nurse refuses to gossip; only the prince remains at ease; only one of the doctors sees that Little Gloria's illnesses spring from fear.

The terrors and insecurities of childhood are skilfully described by Mrs. Goldsmith. She maintains that Little Gloria, like other American children in the 1930s, acquired from her nurse's warnings, popular newspapers and playground gossip sufficient knowledge of the Lindberg and other kidnapping cases to scare her out of her wits. No wonder, when she overheard her maternal grandmother declaring that the child would be murdered by the elder Gloria for her money and when any reunions between the two Glorias were conducted in the presence of bodyguards with machine guns.

It is certainly very odd that none of the characters in this drama spotted the connection between Little Gloria's behaviour and the wave of kidnappings that spread through America during the Depression, so many that the crime was made a federal one, carrying the death penalty. From time to time Mrs. Goldsmith gives us extracts of reports of notorious kidnapping cases; the reader presses on, certain that any moment Little Gloria will reach an analyst and all will be well. It doesn't happen; the story has no happy ending.

It has no heroine either. We cannot be sure whether we will finish the book on Gloria's side, or on Gertrude's, or supporting Little Gloria. Mrs. Goldsmith is herself ambivalent and she leaves us to draw our own conclusions. Her narrative is short or analysis, long on description. Much of her tale has been told before in newspaper reports and newscasts of the time and in the official transcripts of the trial itself, but she has threaded these together with ingenious linking sentences and paragraphs to make a melo-



Mr. Healey: trigger happy

## Soft focus

BY MARY HOPE

**Healey's Eye: A Photographic Memoir**  
by Denis Healey. Jonathan Cape. £7.95, 186 pages

After "You must come round and try some of our Lucretia's home-made wine," "come round and see our slides" must be one of the world's most dreaded invitations, even if it does come from that nice Mr. Healey who used to live next door to the Prime Minister and has been to lots of interesting places (they always go abroad, you know). Being asked to pay an entrance fee to see slides which are no better than anyone else's (certainly no better than mine: you must come round and see my slides . . .) is a bit of a cheek though, even if you do get the cracker-barrel judgments that go with them.

Mr. Healey has been to many countries and has read mixtures on all of them: "the Christian concept of charity is meaningless to the Japanese . . . and the Chinese people are highly intelligent and disciplined but (sic) with a very English sense of humour . . . He has also met most of the most interesting politicians around, but you would not know it either from the pictures or the words in this book.

While respecting his enthusiasm for his hobby and his desire to share his joy in it with others, I must say that his advice to other amateurs is sensible but totally uninspired. There is nothing here that the most novice of d-i-y photographers will not already know and, indeed, many of his pictures, though technically correct, in lighting, focus and exposure show not the slightest flair for composition, being either vaguely unstructured or downright mannered. He knows the Germans' twin sister put it, people living in glass houses are slinging mud at one another.

It is all sentiment and sensation—and her book is very enjoyable. We cannot say like Elizabeth Wain, the self-disciplined Scotch nurse "It was not my business to know that." We want to know how it will all turn out and, in any case, it is very hard to avert our eyes when, as Gloria's twin sister put it, people living in glass houses are slinging mud at one another.

that the real aim of photographs is people: he worships, as we all do, Cartier Bresson, but in the only pictures which approach the Cartier Bresson technique it takes him four frames of Italian men watching a pretty girl walk down a street to say what the master would have captured in one.

To be fair to him, he does not make extravagant claims for himself as a great photographer. But in that case, why does he not provide more interesting words to go with the holiday snaps, instead of what is little more than a meandering ramble which shows all the signs of having been talked straight on to a tape-recorder rather late at night. There are various "jokes" which no doubt have them rolling in the aisles of smoke sessions after hours at Blackpool, but which I suspect leave the rest of us cold.

But the real criticism of this strange product—and in publishing terms, a product is about all it is—is the lack of sureness of tone. Mr. Healey, like many politicians when they are not on a platform, seem curiously uncertain of where exactly to pitch his remarks. He ranges from a blunt, deliberately plodding, plain man's guide style ("Nasser was a handsome man of great ability and charm whose influence was dominant throughout the Arab world . . .") to an equally graceless clever allusiveness which must leave half his readers bemused by its arcane pomposity: "I came to the conclusion that I was a country of Wykehamists led by Balillol men . . . One is left with the perplexing sense that no one ever quite thought out whom this book was aimed at. Lack of sure composition in the pictures is equalled by lack of direction in the words.

Faust is certainly interesting and bold, but its daring author falls into the danger of parodying himself. The word f—, and I am deliberately coy because I am surprised with it to the extent of for once preferring to be genteel, cannot gain anything by being repeated some thousand times in 271 pages. In other words, I think that this new Faust, very well worth while, is in danger of drowning in pointless, diffuse bawdry; I prefer tracking the allusions to other writers. The basic novel might be said to be an answer to the question the actor Gérard Philipe asked René Clair just before he embarked on making the latter's film version of the story. La Scandale du diable: "And why shouldn't Faust want to be damned?"

## Fiction

# End is Nye

BY MARTIN SEYMOUR-SMITH

**Faust**

by Robert Nye. Hamish Hamilton. £8.95, 277 pages

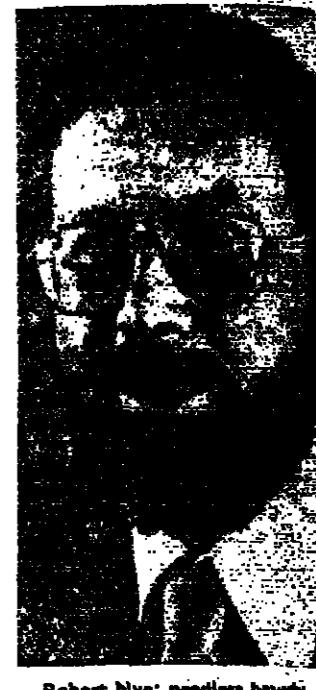
**The Master Mariner: Book 2 Darken Ship ("The Unfinished Novel")**  
by Nicholas Monsarrat. Cassell. £4.95, 181 pages**Rosa**  
by Valerie Kershaw. Duckworth. £6.95, 138 pages**The Harder They Come**  
by Michael Thelwell. Pluto Press, paperback. £2.95, 399 pages

Robert Nye's *Faust* and *Merlin* have both been compared to Rabbeins by enthusiastic critics. I think this is misleading, and that it might even mislead the author himself. The comparison should not be made to the French writer, who was not at all scatological to his contemporaries, but to the (inaccurate) version of him made by Thomas Urquhart as seen through Victorian eyes. Urquhart is a work in its own right, related in certain ways to Rabbeins: Robert Nye rightly sees Urquhart as a Cavalier and not as a dirty-minded Victorian, and presumably he objects to Urquhart's inept continuation; but, hardly through any fault of his own, he may be in danger of forgetting what M. A. Soreche, the chief modern scholar of the real Rabbeins, has said: "Attempts to copy his characters, style, enormous vocabulary and colourful language have all failed."

Robert Nye will know how badly the work of James Branch Cabell has worn—the needs reminding that he is a better writer than the "snatty" American romancer, whose talents were largely wasted because he thought he could be modern Rabbeins.

Faust is certainly interesting and bold, but its daring author falls into the danger of parodying himself. The word f—, and I am deliberately coy because I am surprised with it to the extent of for once preferring to be genteel, cannot gain anything by being repeated some thousand times in 271 pages. In other words, I think that this new Faust, very well worth while, is in danger of drowning in pointless, diffuse bawdry; I prefer tracking the allusions to other writers. The basic novel might be said to be an answer to the question the actor Gérard Philipe asked René Clair just before he embarked on making the latter's film version of the story. La Scandale du diable: "And why shouldn't Faust want to be damned?"

Valerie Kershaw's second novel (her first was *The Soot Man*) is an attempt to make an intelligent and meaningful treatment of horror-film material; it fails rather dismally as a whole, but the author is gifted enough to hold the attention. Rosa is an ambiguous girl



Robert Nye: needless bawdy

— is she wicked or is she just rather naughty? Most obviously, perhaps, it is the author who does not know or care: her novel thus fails on a psychological level.

Rosa may be ambiguous, but the illiterate Nellie with whom she finds herself concerned is primitive and dangerous (or is she a symbol of pure good? Who knows?) Essentially this is the tale of a girl of intelligence who finds herself in a modern Gothic situation, complete with terrible births and stabbings, it is a suspense story, and nothing else, and so is much spoilt by having pretensions to be something more than this. The author has the makings of a competent novelist, and only needs to discover what story she really wants to tell.

The Harder They Come is a Jamaican novel by a Jamaican writer now teaching in America. It was inspired, to a great extent, by the film of the same title, which was about "Rhinoceros," the "great ghetto gunman" who lived in and around Kingston in the late 1950s. Some will want to ignore this, thinking it merely ephemeral cult material: they will be making a serious error. This book will, as the West Indian novelist Andrew Salkey claims, be around for a very long time. I have read few books about Jamaica—and there are many very good ones, by such writers as Roger Mais and Orlando Patterson—which capture so fully both its rapturous energy and its tragic squalor. Michael Thelwell is sharply intelligent and inventive, and he knows how to write in the vernacular. There is a useful glossary of slang terms at the end. The Harder They Come is worth a hundred sociological and historical studies, and is very strongly recommended to those who are interested in the Third World—and in good novels.

## Nodding at Homer

BY ROBIN LANE FOX

**Homer: The Odyssey**  
Translated by W. Shewring. Oxford. £7.95 (World's Classics paperback edition, £1.50) 380 pages

A fluent *Odyssey* in English is badly needed. The Penguin version is very poor. Christopher Logue's free verse was excellent for what it chose to stress, but it centred on the *Iliad*. The publishers write as if they have filled the gap with a new classic. I cannot agree.

Walter Shewring is an elderly classical schoolmaster who has a mastery of Homer's Greek. When he has a stretch of narrative before him, he sets a good pace and allows the story to flow. He has opted for a prose translation, and prose can cope with these sections rather well. Odysseus's great speech to King Alcinous is not quite such a narrative gift, but its stories of the Cyclops and the lotus-eaters are enough to survive. The heroes in Hades and the scenes with Nausicaa are particularly good.

Elsewhere, there is a heaviness, which seems to me quite false. It is not the same as a certain oddity of phrase. At random "my own ship and the others with it were carried back to the island of Aeolus, amid the groaning of all my company." Others with it? Groaning? All my? Amid? These are oddities, mostly imposed by the Greek, but surely better lost. The heaviness is gratuitous. It derives from a habit which Arnold, I think, once exposed, though others thought him pedantic.

Mr. Shewring fails into an occasional use of formal and Latin-based words. Of course he cannot cut out everything with Latin roots. Nor is there any "natural" merit in sticking to supposedly "native" vocabulary. But most Latin words have a pomposity which is absolutely false to Homer's spirit. "Delivered them to the ministrations of the furies . . . thus instructed . . ."; "have the people throughout your land conceived detestation for you?" This sort of language is a dead-weight.

It is particularly deadening in an epic poem of such speeches. Homer allows almost all of his plot to be said, not told. Here, the prose speeches have lost their nobility and bounding fluency.

"Bosotted man, why do you thus plot death and doom for Telemachus, disregarding those who deserve compassion though Zeus himself has his gaze on such?"

That is awful, but not much worse than too many others.

In the first book, Penelope comes to stand unnoticed on the staircase, while the suitors enjoy a song, patching up their quarrels in the hall below. The song makes her cry because it is about Troy. Phemus, she almost says, "I thought I told you never to play that tune in here again." It is the *Odyssey's* first moment of pure pathos, beautifully set, then obliquely lay that wrings my heart.

about me . . . this is not even prose, let alone the words of a deeply moved woman who believes herself a widow.

Here, once again, is the *Odyssey's* story, less prosy than Penguin's, at its best when read and emphasised aloud. It has its moments of fluency, but too many more without grace. It is not Homeric and it does not come home to the heart.

Penelope's second novel (her first was *The Soot Man*) is an attempt to make an intelligent and meaningful treatment of horror-film material; it fails rather dismally as a whole, but the author is gifted enough to hold the attention. Rosa is an ambiguous girl

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The illustration shows "Going to Christmas Market" by T. Smythe, one of the new designs this year.

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## HOW TO SPEND IT

## Seasonal notes

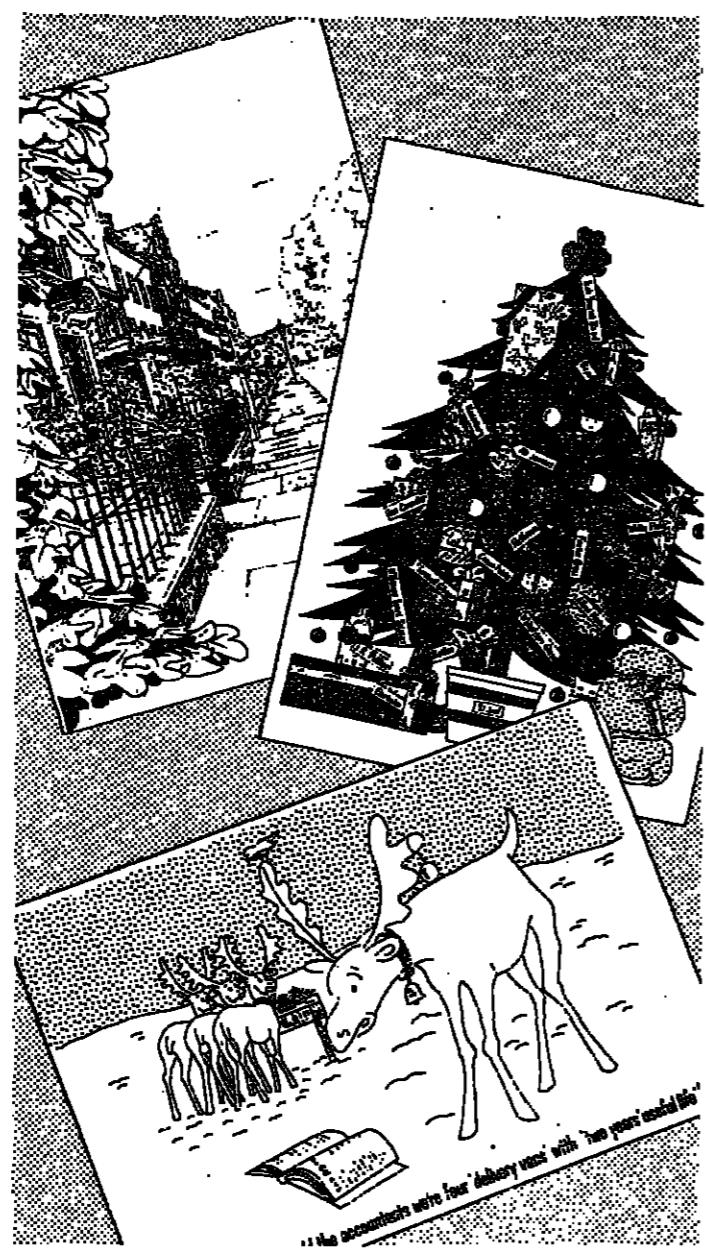
It may seem early to be mentioning Christmas on this page but if you want to plan or order anything particularly "useful" it is even, dare I say it, a little on the late side. However, if you do fancy ordering Christmas cards of your very own, uniquely designed either around your house, your family or your business, Kate Hadden, a freelance artist working from home, specialises in just that.

Kate can work either from photographs or drawings and seems to be particularly good at capturing a house on paper—she can do either a line drawing or a water-colour—and the resulting drawing can be used either as a Christmas card or on stationery or wherever else you please.

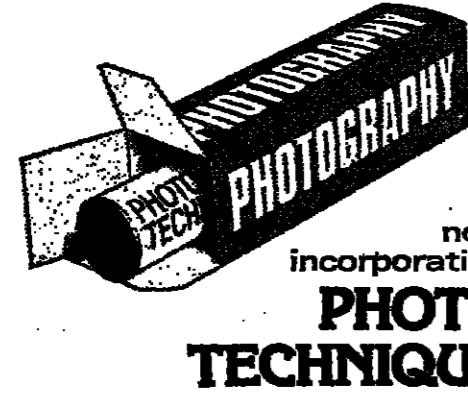
Besides designing Christmas cards round particular homes she is also adept at creating a card that captures the feeling of a company or business. Her talents don't end there either—she can produce personal labels for home-made jams, chutneys and preserves, postcard maps for guiding visitors to remote spots.

If you want to order Christmas cards from her, her prices start at £50 for the first 100 and they can be done either in colour or in black and white. Orders can usually be completed in three weeks.

As she works on her own she can only take orders as they come but she will at least let you know promptly whether she can produce a design in time for Christmas or not. Anybody who is interested can contact her at Lower Eldon Farmhouse, Lower Somerford, Stockbridge, Hampshire. Telephone Bransfield (0794) 68323.



## PHOTOGRAPHY



November, the first of the new-look issues, brings together the best features and ideas of both magazines, including:

- \* Who's got the best colour film?
- \* The amazing special effect photography of Chris Alan Wilton
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## Diamonds à la carte

IN THIS world of rising prices it isn't often that we get good news on the prices front, however it's no secret that now is generally thought to be an exceedingly good time to think of buying diamonds. Though the really fine, larger stones nearly always retain their value, there is at the moment a surplus of smaller diamonds in the cutting centres and anybody thinking of buying any jewellery with diamonds might well think of doing so now. Just to give an example of what has happened to the price of smallish diamonds in the last few years—whereas in June 1977 a good stone was worth about £140 a carat, in 1979 the same one would have fetched £240 a carat in July of this year it would have reached £260. This is important to note, is in direct contrast with rubies and emeralds of fine quality which have, according to one specialist in stones, "gone through the roof."

The big problem with buying diamonds is where to go and whom to trust. Most of the large jewellers are in business because they have been proved over the years to be trustworthy but on the whole one is paying quite highly for this certainty.

Ian Norrington, who came to know a great deal about diamonds during his 20 years in the diamond industry, discovered when he started up a small jewellery business of his own that people were paying exceedingly high prices for the privilege of buying from these eminent shops. He started off by selling his jewellery to such shops but soon decided to operate in a much simpler way which, he believes, offers the customer a much better deal. He sells directly to the public traditional jewellery at prices that the shops would have paid him. In other words he makes the same profit he would have made by selling to the shop

but the customer is able to buy without paying the profit of the middleman, the shop.

He relies on his knowledge of diamonds to buy good quality stones at competitive prices—he buys the diamonds in Antwerp, the coloured stones like rubies, emeralds, sapphires in London. He deals only in stones of very fine colour but of a quality just below the top (apparently, these days only the Japanese and the Germans can afford the stones without a single flaw). In his view colour is much more important than a small, almost invisible flaw.

The jewellery he sells is all his own design and is mainly traditional in character—simple eternity rings, solitaires, ear-rings, pendants—but he is always happy to make up jewellery to any customer's design. It has often been known for customers to come along with a picture and ask him to make up something similar—this he gladly and happily does. He claims that through his combination of competitive buying of stones, using his own workmen and cutting out the middleman, he can sell jewellery at prices that are at least a third less than they would be in traditional jewellers' shops.

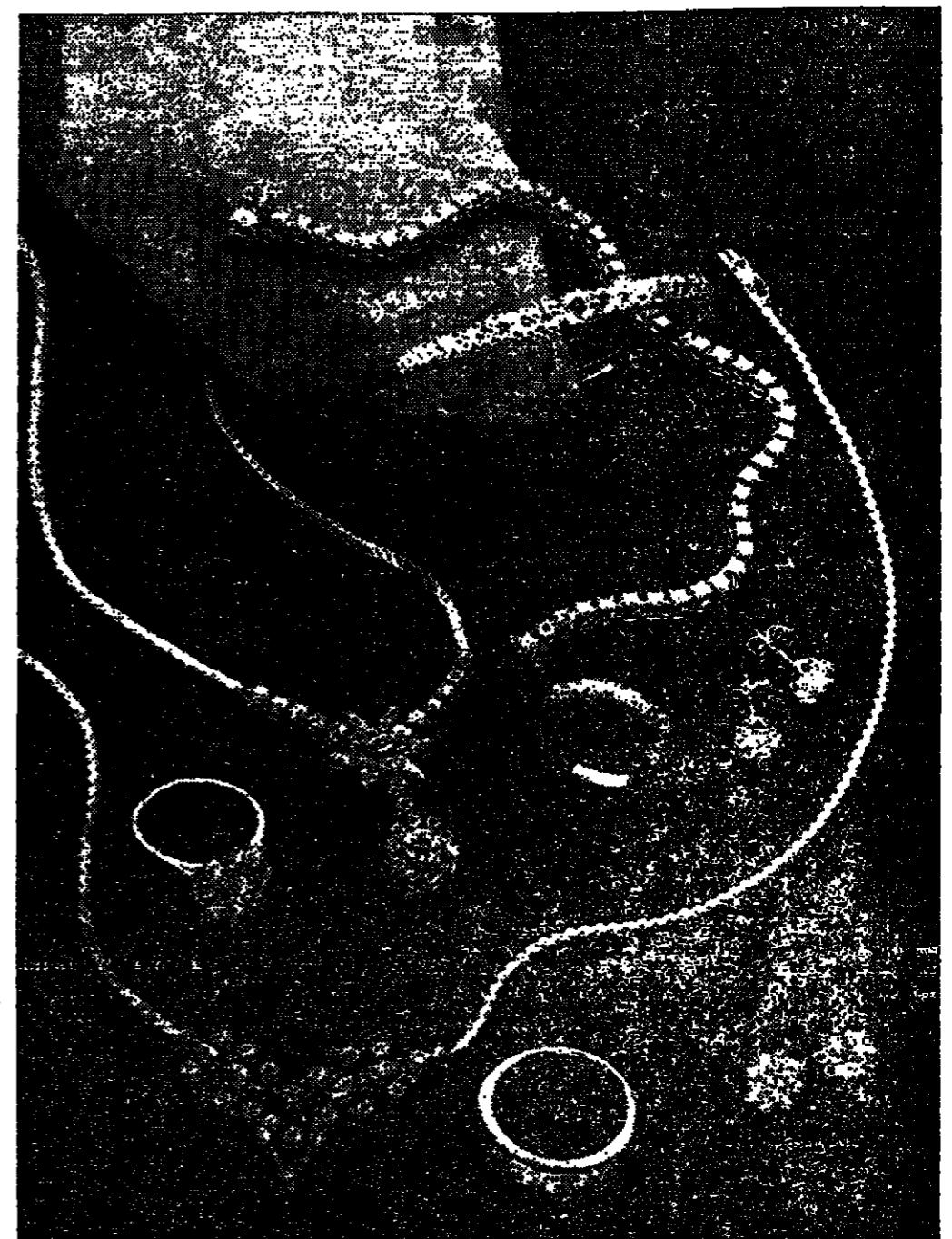
Though his company is still small he has full colour leaflets showing the range of jewellery that he has designed and each item is offered with clear descriptions of stone weights. While he is basically against the idea of selling diamonds for investment purposes (as he points out many of those who sell diamonds for investment purposes refuse to buy them back when customers ask them to do so and particularly at the moment, when demand for diamonds is weak, cutters and dealers are doing less buying than usual) he does offer advice on the buying of stones for those

who wish to buy them, whether for investment purposes or to be used in jewellery.

As he says, "Diamonds are an asset which, because of extreme rarity coupled with demand, have in the past tended to increase in value. There is obviously no hard and fast guarantee that they will continue to do so... however, there is every reason to conclude that the trend for appreciation will continue."

Readers interested in buying jewellery at the moment should go along to Ian Norrington's company which is called Nordiam Jewellery and is to be found in very simple, unpre-

tentious offices at First Floor South, Bretonham House, 5-8, Lancaster Place, London WC2. If possible ring for an appointment first (01-536 1405). Readers out of London can write for the coloured brochures and compare the prices with what is available in their local jewellers for themselves.



## Postscript



A selection of bargains at the Elizabeth David shop sale



A cutlery tray in white osier from David Mellor

MANY readers like to take advantage of the Elizabeth David annual sale either to stock up their own kitchens or to buy a collection of gadgets and equipment that they can wrap up for friends and relations come Christmas. Very sensibly the shop chooses to have its sale in good time for Christmas. It is on now and runs until October 18. Photographed right are just a few of the bargains on offer—the nutmeg mill is £1.78 (reduced from £2.87), the rillette jar 99p (down from £1.25), and the two fan dishes are £2.30 for the 8 ins size (reduced from £3.68) and £2.80 for the 9 ins size (reduced from £4.48). Besides the goodies in the picture there are masses of other bargains—cooks' knives, lots of white porcelain ware rather like the freezer-to-oven fan dishes in the photograph, soufflé dishes, omelette pans and so on. The shop itself is at 48 Bourne Street, London, SW1 but for those readers who live out of London the shop is happy to send goods by mail.

I notice a lot more chauvinism about in Britain these days—stores up and down the country are holding Buy British weeks. Marks and Spencers has been doing its best to buy and promote as much that's British as possible and I know of at least one grocer who can't sell French apples.

Currently David Mellor shops at 4 Sloane Square, London, SW1 and 66 King Street, Manchester are holding a special display of handmade English baskets. More than chauvinism is involved here, though, for the craft of basket-making is one that we should be proud of and that deserves our support. David Mellor has almost 80 different types of basket on show (and, of course, for sale) and in the great variety of their size and colour they do represent a

fascinating glimpse into an often neglected craft.

The number of workshops making English baskets is diminishing every year but, happily for the moment it is still possible to buy the original trade baskets—Suffolk Sheps which are large with two

handles and used by the Suffolk agricultural workers. Then there are raspberry and potato baskets, used for gathering in the harvest, pea baskets as supplied to pea pickers for measuring out a half or a whole bushel.

There are original Covent Garden baskets, cheese trays, herring baskets and the cutlery tray in white osier drawn above. Prices vary from £1.06 for rush flower pot covers (50p p & p) to £51.80 for a large rush log basket, while the cutlery tray sketched above is £14.35 and an ordinary willow log basket is £23.

I know that all the splendid new polishes that are currently on the market do have amazing new technological advantages (i.e. some of them have anti-static ingredients, others have silicon to increase the shine and so on) but none of them has the magic ingredient that is found in good old-fashioned beeswax polish—that lovely old-fashioned smell that seems to be a combination of herbs and lavender. It isn't always easy to find the true beeswax polish but Jane Hudson of Upper Wardington, Oxfordshire, has developed a polish that is based on a traditional recipe found in an old pharmacy book kept by a local chemist.

Jane Hudson now makes the polish in quantity and sells it either by post from her own home (write to Jane Hudson, Upper Wardington, Banbury, Oxfordshire) or it can be found in the shops attached to many fine old houses. It is sold under the name of "Mrs. Hudson's Beeswax Polish" and a pack containing two jars can be bought for £2.50 including postage and packing.

Photographed, above, is a collection of Ian Norrington's own designs sold by his company, Nordiam Jewellery. To give you some idea of the prices, which Ian Norrington says are at least  $\frac{1}{3}$  less than in most retail jewellers, a pair of stud earrings, sporting 0.3 carat's worth of

diamond, costs £225 (plus VAT). A standard half-hoop eternity ring with about seven diamonds which together add up to 1 carat is £300 (plus VAT).

While a bangle bracelet with 17 stones of varying sizes adding up to a total of about 1.7 of a carat is £1,200 (plus VAT).



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Saturday October 11 1980

## Public sector is the key

THE PRIME MINISTER'S call for "an autumn of understanding" must have sounded rather hollow to some of the businessmen who were listening to her speak yesterday at the Conservative Party conference. "Understanding" is certainly an adjective that has not featured prominently in the Confederation of British Industry's recent references to the government's economic policy. Still less could it be applied to the uniformly unyielding tone of the speeches delivered this week by Mrs. Thatcher herself and her economic Ministers.

### Austerity

As a public relations exercise, the conference could hardly be described as a triumph. Stern as ever, Ministers showed much more enthusiasm in delivering their prophecies of continuing austerity and hardship than in offering glimpses of the hopeful future towards which they claim to be steering Britain. In a sense this was only honest. The immediate future holds out no obvious prospects for a rapid economic transformation. The "slog" is indeed going to be a long and hard one.

Yet speaking, as they were, to the most sympathetic possible audience, Ministers could have taken the opportunity to stress the more positive aspects of the Government's economic policy.

In the crucial stage which the economic strategy is now entering as the new pay round begins, Ministers will have to provide clearer and more positive leadership than they did last autumn. They need to explain to wage earners not only that many more of them will lose their jobs unless wage inflation falls sharply, but also that in the event of moderation prevailing, there would indeed be good reasons for expecting a substantial, and sustainable, economic improvement.

To get the positive side of its economic message across to the public, the Government should perhaps try to spell out more clearly how it expects the long-awaited reduction in inflation to stimulate real economic activity and employment in the years ahead. One of the reasons for the widespread dissatisfaction, even among Conservatives, with the Government's so-called monetarist experiment is that Ministers themselves showed signs of confusion about the precise way that monetary policy was supposed to work, and even about what constituted monetary policy. There is nothing more galling for those who are called upon to make the sacrifices, whether they are workers, businessmen or investors, than to see the Government itself dithering over the application of its own policies.

In the months ahead, the Government will have the opportunity to show that it is capable of shouldering responsibility for the level of public spending, including most importantly defence, debt servicing costs and local authority spending. To do this it will have to take difficult decisions and acknowledge that, in the final analysis, it cannot shift blame on to others, whether the issue is public sector pay settlements or the excessive cost of borrowing by traditional methods. A Government which has been demanding responsibility and realism from the nation must fulfil its side of the bargain.

### Letters to the Editor

#### Patriotism

From the Chairman,

Better Buy British Campaign.

Sir.—Amidst a plethora of red, white and blue it is estimated that the promotional campaigns deluging the high streets are costing in excess of £20m simply to spell out the "Buy British" story.

It is now almost impossible to buy food, a car, a bike, a carpet, apples, an air ticket, a coach ticket, or tools without being aware of the Union Jack being waved by whoever is promoting their particular British interest.

It could be this almost cynical self-interest of these campaigns that could doom them to failure. Without over-dramatising it does seem as if desperate efforts are being made to paint the stable door, we left wide open to foreign imports, in red, white and blue after the strength of the economy has "bolted".

Ladies of spirit having "polished up their Cox's apples" have jumped into their French cars to teach the Golden Delicious "Frenchies" a lesson, firms promoting a "Buy British tools" campaign have offered foreign holidays to firms participating in the campaign. Farmers driving foreign cars and using foreign farm equipment have been loud in their claims for protection against sales of foreign agricultural products in the UK market.

The grim preceents of the shadow of economic blight and harrowing unemployment before the 1914 and 1939 wars remind us of how patriotism is whipped up in these circumstances. As we now almost wrap the corpse of the British economy in the Union Jack are we seeing a self-centred patriotism being exploited as a last desperate effort to bring profit to the very people who, in many cases, were the exponents of the wide open door of free trade.

Certainly however misguided some of the razzamatazz is the shock brought about by over 2m of our British workers being without work may remind us

what we stand to lose in our "green and pleasant land" by allowing unrestricted imports.

Until we bring a sane policy, exploited by most of our overseas competitors, of balanced trade into our economy all of the flag waving will achieve little.

Wilfrid King,  
Better Buy British Association,  
17 Hargate Close,  
Tunbridge Wells, Kent.

#### Dichotomy

From Mr. J. Clover.

Sir.—I have been hoping to read that among plans for the simplification of administrative procedures consideration was being given by the Government to the time-wasting situation arising from the fact that the tax payer often finds himself dealing with more than one tax office.

If one finds oneself assessed under both Schedule D and Schedule E one suffers the disadvantage of dealing with two different districts. The two inspectors and oneself have a merry time trying to come to the same conclusion—the whole operation sometimes taking the best part of a year, especially if one of the districts is decentralised usually to the north of England.

Surely it should not be beyond the wit of man, or the organising abilities of the Inland Revenue to operate a system where the affairs of each tax payer are handled in one office and one office only.

John Clover,  
Penny Edge, Pine Walk,  
East Horsley, Surrey.

#### Spending

From Councillor J. Gouldbourne.

Sir.—Refusal to admit existence of unnecessary expenditure and staffing in local government can only be attributable to self interest of senior executives and a desire to preserve protected career structures. There are still very large areas of uncontrolled expenditure arising out of the foregoing

THE POLICY message from the Conservative Party Conference in Brighton this week can be simply stated: it is that the Treasury team is still in charge.

The Government's economic ministers are worried about the continuing high level of public expenditure, rising as a proportion of the gross domestic product because of the recession. There is particular concern about the demands of the nationalised industries and regret that the size of last year's pay settlements, especially in the public sector, has made the task of controlling inflation more difficult within the required political timetable.

The promise of a further round of tax cuts has been postponed. For Sir Geoffrey Howe, the Chancellor of the Exchequer, it has become a case of not counting the chickens before the eggs have even been laid. Yet, despite this sombre note, there is no immediate challenge to existing policies. Stories of increasing opposition from within the Cabinet should be discounted.

The Cabinet under Mrs. Thatcher does not work that way. Economic policy remains the prerogative of economics Ministers and the Prime Minister himself.

The main opposition at the conference indeed came not from the so-called Tory wets, but from the Right. True, there were demands for a cut

#### The same people holding the same portfolios

in interest rates, and one of these days MLR will be reduced. But what it all came down to was the charge that the Government had been too lenient about public spending, perhaps especially at the local authority level. That is the message which everybody took home, no doubt to the Prime Minister's great pleasure.

Far more interesting was to observe the way Mrs. Thatcher leads the Party and the social changes within it.

At the top very little has altered since the days when she first took over the leadership, except that she is now Prime Minister. On the whole there are the same people holding the same portfolios. Reshuffles under Mrs. Thatcher tend to come about largely by accident or death. The Cabinet does not look any more organised than did the old shadow cabinet. Ministers still go about stating their own beliefs just as they did when they were shadows.

The most obvious example is Mr. James Prior at Employment. Mr. Prior is by now probably immovable without the equivalent of a palace revolution which, as I have observed before, hardly makes Mrs.

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How a small Australian company came to borrow billions of dollars. Richard Lambert reports.

# Woodside Petroleum's outrageous luck

IN 1963, a tiny Australian exploration company secured for £100 exploration permits covering 144,000 square miles of ocean off the remote north-west tip of Australia. Seventeen years later, the same company—which is still a minnow by international standards—is about to complete one of the largest corporate bank financings ever undertaken in the eurocurrency markets.

The company, Woodside Petroleum, is not going to stop there. The eurocredit which will be syndicated among a wide group of banks later this month is for well over US\$1bn: within the next 12 months, the company hopes to have arrangements in place for an additional credit facility of \$2bn to \$3bn.

Through an outrageous combination of luck, bluff and sheer determination, Woodside has been able to secure a 50 per cent share in one of the world's major energy developments. In very rough terms, its exploration on Australia's North West Shelf has turned up something broadly comparable to the North Sea's Frigg Field, with reserves in excess of 10 trillion cubic feet of gas and a life of about 20 years.

Although Woodside has been obliged to share the cake with a number of much bigger companies, including oil majors like BP and Shell, it remains the operator and manager of the field.

It could not have held this position without access to enormous slabs of finance—during the next 12 years, the capital cost of the project will amount to the best part of \$10bn in money of the day terms. And with net assets of under \$400m, it would not have had a hope of getting that kind of money had it not been for three current features of the international banking scene.

The first is that the banks

have surplus funds looking for a home. The second is that because they believe the price of oil is going to remain high in real terms, anything to do with energy is the home they like best. The third is that in the quite recent past, Australia has climbed up the rank of borrowers and is now rated as one of the best risks in the Euromarkets.

This stems from its prudently managed borrowing programme in recent years, its relative political stability, and its standing as a country rich in natural resources. Thanks to its coal, gas, uranium and oil reserves, Australia is reckoned to have the largest absolute surplus of indigenous energy over domestic requirements among all the members of the Organisation for Economic Co-operation and Development.

As recently as the third quarter of 1978, Morgan Grenfell—the UK merchant bank which Woodside appointed to oversee its financing arrangements—concluded that the economics of the project would not be such as to secure the necessary support from the world's banks. But within a matter of months, that advice was changed.

As one rival banker commented ungrammatically, "If I were those guys at Woodside, I'd be on my knees three times a day giving thanks to Tehran."

Last year's urge in oil prices is what put the bankers on the plane to Australia.

The timing of last year's oil price increase is only the latest in perhaps the greatest of Woodside's lucky breaks.

Ever since then, Woodside's big struggle has been to retain significant independent stake in the project, since it had virtually no cash flow from other activities to support its investment. Instead it has had to rely on a stream of rights issues and share placings to keep its place at the table.

## THE SCALE OF THE PROJECT

IN ONE of the most remote corners of Australia, the North West Shelf natural gas project will consist of:

- One of the world's biggest production platforms, 135 km offshore ready to supply gas to Western Australia in 1984.
- A second platform to be in production two years later, lifting gas production to the level needed to sustain exports of liquefied natural gas (LNG).
- A third platform to be established in the early 1990s.
- A pipeline, mostly buried beneath the sea floor, carrying gas and liquids to the processing facilities on shore.
- A treatment plant capable of producing 385m cubic feet

of gas a year for sale in Western Australia; 14m tonnes of condensate a year; 640,000 tonnes of liquefied petroleum gas (LPG) a year; and 6m tonnes of LNG a year.

• Storage and shipping facilities.

• Accommodation and amenities for employees. During the peak construction period in early 1983, the project will provide direct employment for 5,000 people, and when operational it will directly employ about 800.

• A fleet of specialised carriers to transport the LNG.

• A 1,500 km pipeline to carry gas through Western Australia.

to back its application for the permits with a promise to spend £20,000 on an aeromagnetic survey, and it got its foot in just in time.

Large international oil companies were just starting to step up their activities in Australia, and the possibilities of the North West Shelf were beginning to be appreciated.

Within weeks of securing the permits, Woodside was inundated with inquiries from other companies seeking a slice of the action, and by tying up a joint venture arrangement with Shell and Burmah, he underwrote Woodside's first issue of shares to the public 26 years ago.

The Australians do not understand risk capital, but they do understand a gamble," he says. "In the old days you'd make an offer at six pence and the public would ignore it. A few months later, they'd get a sniff that something was happening and they'd rush in to buy at a pound because they thought it was going to go to two."

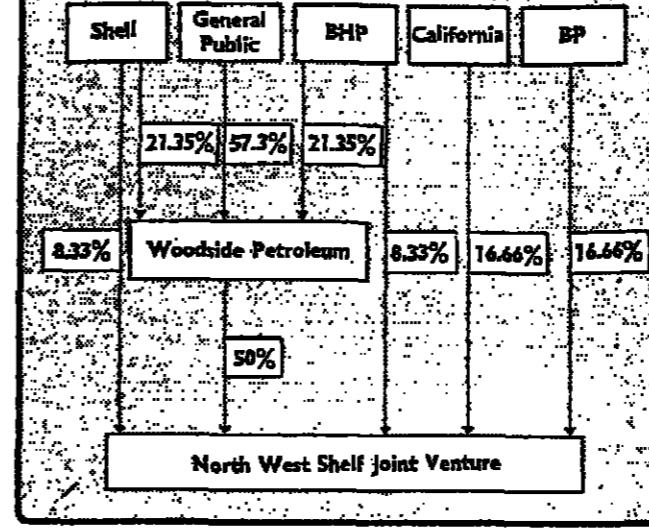
The big moment of discovery came in 1971, and that led to a surge of fresh development spending. In the last seven years alone, Woodside has had five rights issues raising roughly \$300m in all. That is quite an achievement for a company that is unlikely even to start thinking about paying its first dividend for perhaps at least six years.

Woodside's struggle to remain independent must also have been helped by the way that successive Australian Governments have pressed for local interests to retain an important stake in natural resource projects. Over the years, Shell and BHP have between them acquired 43 per cent of Woodside's equity (BHP took Burmah's shares when it ran into trouble) and there must have been at least the possibility that Shell would have wanted to go further if there had been no political constraints.

As it is, Shell and BHP now have a majority on the Woodside Board, and the company's credibility as an operator on the project depends heavily on the personnel who have been seconded from its two big shareholders, particularly Shell.

However, the presence of powerful shareholders and

## NORTH WEST SHELF OWNERSHIP STRUCTURE



provides the security for Woodside's lenders.

How much of a risk are the bankers taking? There has, after all, never been a project financing on anything like this scale. The sums raised by those small companies which scored a hit in the UK's North Sea were tiny by comparison and they—unlike Woodside—were generally obliged to cough up some form of royalty payment.

In this case, lenders could be exposed to political, economic and production hazards.

The main political parties are committed to supporting the project, but there can obviously be no long-term assurance that existing contractual arrangements will not be tampered with.

With the price of energy is of crucial importance to the economics of the project. And there are hazards on the production front too. The platform

from which gas for the contract will be produced has to be ready to be towed out from its Japanese yard in the interval between the typhoon and the cyclone season, and the field itself is in a cyclone area.

These risks have been appraised and, eventually, paid during a long series of negotiations with the group of eight international banks which has underwritten the credit facility. The precise terms of the credit have still not been disclosed, although Mr. Donaldson indicates that in broad terms the margin will start a little above 1½ percentage points over London interbank rates and will later fall a bit below that level.

In other words, in return for taking what is to some degree represents an equity-type risk the banks are getting roughly a percentage point more than they would for a conventional loan to a prime borrower.

Of course Woodside has had

to leave room for a pretty wide margin of error in making these arrangements. It has insured as far as it can against production breakdowns, stretching the capacity of the insurance markets to handle single risks—in round numbers, about \$1bn. As for the actual cover of the loan itself, the present value of Woodside's total cash flow from the Western Australian gas contract is very roughly twice the maximum amount of loan that will be outstanding at any one time.

The credit last for 12 years, whereas the payback from the first phase on the project should come in well under five. In addition, \$300m of the \$1.5bn facility is intended as a standby, and BHP and Shell have agreed to underwrite a rights issue of up to another \$350m if costs get out of hand.

For comparison, the margin that Woodside is having to pay compares roughly with what the banks can get on a eurocredit for Poland. And it seems as though this is proving enough to pull them in with some enthusiasm.

That is just as well, since even at this late stage Woodside cannot afford any slippage. Between around 1983 and 1986, it is going to need even larger sums of money to finance the second phase of the project, which is scheduled to lift production of gas to the level needed to sustain exports of liquefied natural gas to Japan. Once again, the only security that it will be able to offer will be related to the proceeds of its various sales contracts.

The banks have already been involved in preliminary discussions about financing this phase and in the next 12 months they are going to be asked to provide credit on a scale that will make even the current jumbo facility look rather modest.

duction for Wales (second quarter).

**THURSDAY:** Sir Geoffrey Howe, Chancellor of the Exchequer, speaks at Gloucester County Labour Party conference, Tuffley.

**MONDAY:**

Index of industrial production (August provisional).

U.S. and Russian negotiators meet for talks on limiting European-based nuclear missiles.

European Parliament in session, Strasbourg. Mr. Nicholas Ridley, Minister of State at the Foreign Office, leads delegation to talks with Guatemala in New York.

**TUESDAY:** Major speech by President Carter on U.S. economy, Washington. Mrs. Margaret Thatcher meets leaders of Trades Union Congress, Downing Street. Statement by Department of Education on school

examinations. Boilermakers Union Biennial Conference, Rotheray. National Association of Theatre Nurses Conference opens, Royal Hall, Harrogate. The Queen begins State visit to Italy.

**WEDNESDAY:** Shadow Cabinet meeting at which Mr. James Callaghan is expected to announce decision on whether to stay as Labour Party leader.

**FRIDAY:** BL pay talks resume. Retail price index and tax and price index (September).

Official Westward Television shareholders meeting, Holiday Inn, Plymouth.

FRIDAY: CYClical indicators for the UK (September).

## Companies and Markets

# Lesney almost £6m in the red and no interim

THE WORLD economic problems and the UK recession have severely hit Lesney Products and Co. and for the 24 weeks to July 13, 1980 the toys and commercial diecastings group incurred a pre-tax loss of £5.95m, against profit of £0.49m for the same period of 1979. No interim dividend is being paid and the board is deferring the cumulative preference dividend due on December 31, 1980.

Last year's net ordinary interim was 1.23p per share, but no final was recommended following a pre-tax loss of £1.1m in the second period of 1979-80.

Mr. Gordon Hay, the chairman, says the problem of reducing excess stocks, referred to in the last annual report, has had a significantly worse impact on the half year results than originally foreseen.

The measures already taken and those being considered are severe, but the board believes that these will begin to take effect in the second half, when despite the increasingly adverse effect of the strong pound, the rate of loss should be diminished.

Turnover for the first 24 weeks dropped from £41.42m to £38.72m. Toy sales were 3 per cent below last year, which in volume terms meant a reduction of some 17 per cent. Sales from the group's industrial subsidiaries dropped over 16 per cent.

Bank interest charge for the

## DIVIDENDS ANNOUNCED

	Current payment	Corr. div.	Total	Total
	of spending for last year	year	year	year
Assoc. Book Pubs. int.	3.8	—	7.5	—
Br. Empire Sets. 2nd Int.	0.85	0.85	0.78	—
Bruntums .....	4.25	3.79	8.6	—
Com. English Stores int.	—	—	3.15	—
Derritron .....	—	—	0.58	—
Dr. England .....	0.4	0.27	0.4	—
Eldwin and Sons .....	—	—	3	—
Belene of London .....	0.37	0.37	1.48	—
Leggat .....	—	—	1.23	1.23
Priest Marian Hides .....	Nil	—	—	—
Scottish TV .....	5.54	5.74	5.74	—
Dividends shown per share	1.4	Nov. 29	1.22	4.9
Dividends shown per share	1.4	Nov. 29	1.22	4.9

period rose sharply from £1.62m to £3.57m. Tax took £52,000 (£24,000) and after extra ordinary debits of £867,000 (£408,000), the deficit emerged at £0.16m. Last year's interim cost £351,000.

Loss per 5p share was 18.09p, against earnings of 0.7p last time.

At July 13, 1980 shareholders' funds were £32.31m, compared with £39.3m at January 27. Bank loans and overdrafts had increased from £24.1m to £30.24m, but term loans were lower at £14.14m (£15.33m). Mr. Hay says the board has succeeded in holding group borrowings within the budget.

Lex. Back Page

# Derritron £0.25m midway loss

LARGELY because of a shortage of finance which impeded the execution of the operating companies' order books, Derritron electronics manufacturers has slipped into loss for the first six months of 1980, with a deficit of £523,000 against a profit of £142,000.

Recent measures have alleviated this constraint, say the directors, and every effort is being made to achieve a satisfactory turnaround. But they view the outcome for the year with caution, as a number of uncertainties persist.

There was a pre-tax loss for the whole of 1979 of £117,000, including £6,000 losses from discontinued operations and £40,000 costs on an export con-

tract affected by political instability.

The interim dividend, like last year's final, is omitted—an interim of 0.5746p net was paid last year.

After a nil tax charge this time (£74,000), the loss per share is shown as 2.1p compared with earnings of 0.51p. There was an associate profit of £7,000, leaving the net loss at £246,000 (£68,000 profit). Turnover rose from £2.7m to £3.1m.

• comment

In reporting Derritron's 1979 pre-tax loss in July, the new chairman, Mr. Oliver Prenn, expressed the belief that the company could achieve a satisfactory turn-round by the end of

the current year. The company's cash-starvation, which made it difficult to execute order books, was to be alleviated by a rights issue of about £725,000 and "improved relations" with bankers. There were suggestions that the turn-round would occur in the first half. Now, however, it is emphasised that the rights proceeds was not received until August. Losses which were first incurred in the second half of 1979 continued at the same level, although turnover was down 43 per cent. The company still believes that the remaining profits will return, but this remains to be tested by the second half performance. The shares fell 41p yesterday to 25p, giving a market capitalisation of £4.5m on the expanded capital.

# Assoc. Book dives to £202,000

REFLECTING DIFFICULTIES both at home and overseas, pre-tax profits of Associated Book Publishers tumbled to £202,000 in the first half of 1980, compared with £2.02m.

But the directors' confidence in the group's earnings power and financial strength is undiminished. They say the low level of profits in the first half is exceptional and while full-year earnings are not expected to match those of 1979 they will, it is believed, justify payment of a dividend comparable to last year's 1.5p total.

The interim dividend is held at 2.8p net. Profits for the whole of 1979 were £1.95m, down from £3.37m.

After tax of £309,000 (£532,000) and minorities of £143,000 (£132,000) there is a loss of £1.13m (£132,000) which is a loss at the attributable level of £250,000 compared with a profit of £358,000. The interim payment again absorbs £102,172.

The loss per share is shown as 7.1p, against earnings of 9.6p. Comparisons have been restated to reflect a change in accounting for deferred tax.

Export difficulties and cuts in public spending, aggravated by unprecedented returns of stock by booksellers and the NGA industrial dispute, severely affected UK publishing profits, which fell to £45,000 (£618,000). The cost of a new computer facility in the UK bookelling operation added to its expected first-half loss.

strengthened management. The financial year-end of all overseas subsidiaries will be changed this year from October 31 to December 31 to match the rest of the group.

## Edinburgh Gen. Insurance

From turnover of £447,252, against £255,891, profits of Edinburgh General Insurance Services were down from £45,649 to £40,042 in the first half of 1980 before tax of £6,475, compared with £3.417.

The directors say that costs arising from implementation of expansion plans will have a greater impact in the second half which could result in a loss.

However, the board is confident that the group will benefit greatly in the longer term from the material widening of the base of operations.

The company, which is owned by various banks, can make loans on security of first mortgage of agricultural properties in England and Wales and can also make loans under the Improvement of Land Acts, 1884 and 1889.

The directors say that costs arising from the start-up expenses of the North American division and the impact of the additional costs of the new premises taken on earlier this year to house this and other new decisions and to provide accommodation nearer to Lloyds and the other insurance companies.

The group, formerly Edinburgh and General Investments, changed its name in September last year.

• comment

Given the continuing difficult trading conditions in the retail sector, neither Marks and Spencer nor Debenhams is expected to raise its interim dividend.

Rugby Portland Cement should show a very handsome gain in profits when it presents interim results on Monday. Thanks to a 24 per cent increase in the price of cement in March and a mild winter, the first half loss of the Canadian operation was

worse than expected. The group's pre-tax profit should still be a respectable £7.3m, however, against £7.5m.

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# SUMMARY OF THE WEEK'S COMPANY NEWS

## Take-over bids and deals

Blue Circle Industries renewed its bid for Armitage Shanks following approval from the Monopolies Commission. As before, Blue Circle is offering two of its own shares for six Armitage, but owing to the rise in Blue Circle's share price since the original bid lapsed, the offer now values Armitage at around £35m, compared with £28m when the first bid was announced in January.

Cambridge Royalty Company received an offer from Premier Consolidated Oilfields to acquire all 500,000 existing ordinary shares in Cambridge Petroleum Royalties owned by CRC, plus the 1m new ordinary shares in CPR which CRC would own following the exercise of its existing option at a price of 210p per share. The Board of CRC informed Premier that it must reject the proposal as it is pursuing an offer for all the existing ordinary shares in CPR at a price it deems in excess of that offered by Premier.

Discussions between Blaize Investments and an unnamed party about the sale of a substantial part of the former's 48 per cent holding in Marler Estates have been terminated. Talks, however, regarding other approaches to Marler are continuing.

Argyll Foods announced a £2.4m rights issue to partly finance the £1.5m acquisition of 66 Freezer Fare frozen food stores from J. H. Dewhurst, while Bejam is to purchase seven new supermarket properties from BAT Stores for £1.37m.

Provincial Cities Trust received an approach that may lead to an offer being made for the company.

Company bid for	Value of bid per share**	Price before bid	Value of bid £m**	Final Acc'te date
Gough Cooper	145*	141	127††	11.14
Kayser Boudor	100*	46	56	0.67
Kean and Scott	20*	100	31	0.36
Laurence Scott	64*	66	60	4.39
Le Bas (Edward)	85*	82	53††	2.13
Lidstone	28*	305	290	0.51
Macneil (Lond.)	30*	30	23	0.38
Marshall	31*	31	27	4.60
Cavendish††				
Reverters	515	44	44	7.26
Tanjong Tim	115*	120	115	2.00
Wardle (S.)	24*	28	24	4.22
All cash offer. † Cash alternative. †† Partial bid. \$ For capital not already held. ** Based on 10/10/80. †† At suspension.				
† Estimated. ‡ Shares and cash. ¶ Unconditional.				

## PRELIMINARY RESULTS

Company	Year	Pre-tax profit (£'000)	Earnings* per share (p)	Dividends* per share (p)
Amstrad Con. El.	June	1,360	(908) 14.6	(9.7) 2.0
Austin F. (Leyton)	June	664.1	(490) —	(—) 0.18
Bejam	June	8,270	(6,040) 10.5	(6.8) 1.25
Boulton (Wm.)	June	750	(903) 1.5	(1.3) 0.35
BPM Holdings	June	5,740	(5,940) 28.3	(23.2) 4.25
Campani Int'l.	May	950	(1,500) 7.5	(16.1) 0.40
Cradley Printing	June	369	(285) 3.6	(9.2) 0.42
Footwear Ind.	May	321	(444) 4.1	(10.8) 0.04
Kent M. P.	June	3,050	(1,880) 10.4	(8.6) 1.9
Lawtex	June	476	(413) 0.2	(0.12) 0.36
London & Strath.	Aug.	555	(429) 2.7	(1.9) 0.05
Phenix Int'l.	June	2,900	(2,440) 38.4	(34.8) 9.45
Pete Hedges	June	1801	(52) —	(—) 0.00
Raine Eng.	June	182	(409) 0.8	(0.43) 0.87
Gough Cooper	June	120*	141	102 8.65
Alfred London Properties	—	—	—	—
Prices in pence unless otherwise indicated.				
Aberdeen Inv.	100*	100	86	2.00
Christy Bros.†	30*	33	33	0.60
Coral Leisure	99	91	65††	83.51
Eng. & O'sea Inv.	154	154	144††	1.68
Pantos				
Hawthorn				
Properties				

## J. E. England benefits from its rationalisation

RATIONALISATION carried out last year has resulted in J. E. England and Sons (Wellington) swinging back into profits in the half-year to June 30, 1980, with a pre-tax profit of £26,542 against a loss of £55,514 last time.

The company has decided to withdraw from its growing operations, and it is expected that the new activities will have ceased entirely by December 31.

The chairman says the reduction also reflects the low prices now being obtained for potatoes.

As the company is in a cyclical industry, the board says it is difficult to make forecasts. There has been a large potato crop this year and prices appear likely to remain depressed for the rest of the season. But the group stands ready to take advantage of any future upturn when a recovery in potato prices return, says the board.

There was again no tax charge, but there was an extraordinary debit of £125,499 (£147,296).

## M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1979-80	Company	Price	Change	Gross Div (p)	Yield	P/E
High Low	Company	46	—	6.7	14.5	2.7
50	Armitage & Rhodes	22	—	1.4	6.4	6.4
173	Barclay Hill	171	—	5.7	5.0	—
101	Bejam	53	—	15.3	20.7	—
126	Deborah Ord.	53	+ 1	5.5	5.9	4.6
126	Frank Horsell	120	—	7.9	6.6	3.8
129	Frederick Parker	65	—	11.0	18.7	3.0
156	Gourne Blair	51	—	3.1	3.1	—
153	James Burrough	81	—	6.0	7.4	3.1
210	Robert Jenkins	122	—	7.9	6.5	10.0
232	Torday	230	—	15.1	6.9	3.7
34	Twinkie Ord.	11	—	—	—	—
50	Unilever Holdings	300	—	15.0	18.8	—
101	Walter Alexander	100	—	3.0	5.7	5.5
245	W. S. Yeates	240	—	12.1	5.0	3.9
† Accounts not prepared under provisions of SSAP 15.						

## Ellerman reduces losses by £0.5m

A MARGINAL improvement in results for the half-year to June 30, 1980, is reported by Ellerman Lines with the pre-tax losses have been reduced by £500,000 to £2.2m. Turnover of this shipping, brewing, travel and insurance group rose by £2m to £91m.

Mr Dennis F. Martin-Jenkins, the chairman, says the first half results, traditionally weaker than the second, has produced figures which are disappointing, although better than last year.

He says the world's commercial outlook for the whole of 1980 remains poor, but the group's position within that should be relatively better than last year.

Its liquidity is strong, even after reducing its 1979 year-end borrowings from £22m to £20m at June 30, 1980. Finance charges are thus reduced.

The world and domestic

economic recession has held back sales of its leisure based divisions, brewing and travel, but this has been mitigated by some improvement in shipping activities.

The half-year pre-tax loss includes investment income up from £1.9m to £2.2m, a trading loss of £600,000 (£700,000), a loss on the sale of ships amounting to £300,000 (profit £300,000) and associated companies profits of £700,000 (£200,000), but after finance charges amounting to £3.6m, against £4.8m, Tax was unchanged at £400,000.

There was an extraordinary credit of £7.9m, and of this £1.1m was the surplus on the sale of the group's head office building. The favourable extraordinary items result in a transfer to reserves of £5.2m (transfer from reserves £3.8m). The interim dividend on the privately-held capital is un-

changed at 2.25p.

Brewing subsidiary Tollemae and Cobbold Breweries had a pre-tax loss of £110,000 (profit £75,000), but J. W. Cameron and Company increased its profits from £1.15m to £1.45m.

The directors of Tollemae and Cobbold explain that sales of the company's own products rose, but those of factorised beers, spirits and fortified wines showed a marked decline and there was an increase in costs.

The pre-tax figure was struck after finance charges down from £173,000 to £166,000. There was again no tax charge, but there was an extraordinary credit of £500,000 (nil) comprising the surplus on the sale of the Norwich depot less further warehouse development costs incurred.

There were reduced profits from managed houses, a smaller surplus £13,000 (£64,000) from property sales, and an industrial dispute in June which severely restricted deliveries for several weeks.

Since the end of the first half, trading has been affected by the poor summer and with the continuing high costs, the company does not expect profit for the year to vary significantly.

J. W. Cameron, which is based in Hartlepool, saw its turnover rise from £19.5m to £20.75m. After tax down from £2.67m to £2.64m in the year ended March 31, 1980, before tax of £40,358, against £321,262.

The dividend on the ordinary shares again absorbs £30,000. The ultimate holding company is L. A. D. Investment Co.

## Same interim from Helene of London

Turnover of Helene of London, fashion and leisure wear group, has been maintained at £6.84m (£6.79m) for the first half of 1980 but pre-tax profits are down from £779,959 to £617,362.

Trading conditions are difficult but the group's financial position is strong and must benefit from any upturn in the economy, the directors say.

Statutory earnings per share have fallen from 25p to 15.5p. However, the interim dividend is maintained at 0.37p—last year's total was 1.48p per pre-tax profits of £1.71m.

## J. E. Crowther downturn

Profits of John Edward Crowther (Holdings), Huddersfield-based woollen manufacturer and spinner, fell from £644,138 to £264,438 in the year ended March 31, 1980, before tax of £40,358, against £321,262.

The dividend on the ordinary shares again absorbs £30,000.

The interim dividend is raised from 0.3125p to 0.3594p.

Subject to the approval of the shareholders of Amalgamated Estates, Sir Gerald Glover will subscribe for 500,000 ordinary shares in the group, being 2.79 per cent of the issue share capital, at 17.5p per share.

If the proposal is agreed, Sir Gerald will be appointed to the board.

**AMAL ESTATES**

The audited consolidated results for the 28 weeks ended 9 August 1980 were as follows:

Company	Half-year to	Pre-tax profit (£'000)	Interim dividends per share (p)
Pickles (William)	June	432.1	(23.8)
Richards (Leeds)	June	168	(68)
Rockware	June	3,520	(1,200)
Rubberoid	July	805	(539)
Sears Ridg.	July	24,840	(37,590)
Sleatnight Hldg.	Aug.	711	(1,880)
Silklen Lub.	June	647	(407)
Tate of Leeds	June	211	(827)

## Companies and Markets

## NEW YORK

Stock	Oct. 9	Oct. 8	Stock	Oct. 9	Oct. 8	Stock	Oct. 9	Oct. 8	Stock	Oct. 9	Oct. 8	Stock	Oct. 9	Oct. 8
ACF Industries	433	433	Columbia Gas	39	39	St. El. P. Teg.	64	64	Schlitz Brew J.	73	73	Sea Oats	233	233
AMF	20	20	Combined Int.	19	19	St. Louis Gas	134	134	Schlesinger	151	151	Schwarzkopf	100	100
AM Int.	20	20	Combust. Eng.	94	94	St. Paul Min.	103	103	Scotiabank	184	184	Scudder Fund	131	131
ARA	33	33	Combust. Equip.	71	71	St. Paul Min.	146	146	Seeger Dco V	131	131	Seiden	264	264
ASA	591	575	Comcast Edison	194	194	St. Paul Min.	57	57	Sea Otters	233	233	Seiden	264	264
AVX Corp.	341	341	Com. Elec. & Elec.	444	444	Sea Otters	78	78	Sea Otters	233	233	Seiden	264	264
Acme Glass	532	543	CG	24	23	Sea Otters	12	12	Sea Otters	233	233	Seiden	264	264
Adobe Oil & Gas	56	56	Comp. Scien.	23	23	Sea Otters	10	10	Sea Otters	233	233	Seiden	264	264
Actus Life & Cas.	39	39	Cone Mills	41	40	Sea Otters	27	27	Sea Otters	233	233	Seiden	264	264
Ahmanns (H.F.)	212	212	Conn Gen Inc.	214	214	Sea Otters	24	24	Sea Otters	233	233	Seiden	264	264
Alchem Pro & Chem	521	521	Conn. Edison	104	104	Sea Otters	53	53	Sea Otters	233	233	Seiden	264	264
Alchemists	103	103	Conn. Edison	244	244	Sea Otters	18	18	Sea Otters	233	233	Seiden	264	264
Albany Int'l	162	162	Conn. Foods	234	234	Sea Otters	17	17	Sea Otters	233	233	Seiden	264	264
Alberto-Culv.	162	162	Conn. Freight	26	26	Sea Otters	14	14	Sea Otters	233	233	Seiden	264	264
Alcan Aluminum	256	37	Conn. Power	181	181	Sea Otters	11	11	Sea Otters	233	233	Seiden	264	264
Alchemists Lumb.	332	332	Conn. Air Lines	76	76	Sea Otters	8	8	Sea Otters	233	233	Seiden	264	264
Allied Chemicals	561	561	Conn. Corp.	222	222	Sea Otters	5	5	Sea Otters	233	233	Seiden	264	264
Allied Stores	222	222	Conn. Corp.	147	147	Sea Otters	2	2	Sea Otters	233	233	Seiden	264	264
Allis-Chalmers	313	313	Conn. Corp.	171	171	Sea Otters	1	1	Sea Otters	233	233	Seiden	264	264
Alpha Port.	164	164	Conn. Corp.	751	751	Sea Otters	0	0	Sea Otters	233	233	Seiden	264	264
Alcoa	724	716	Cooper Inds.	501	501	Sea Otters	91	91	Sea Otters	233	233	Seiden	264	264
Almax	473	477	Coors Adolph	203	203	Sea Otters	116	116	Sea Otters	233	233	Seiden	264	264
Amerada Hess	851	851	Copeland	254	254	Sea Otters	204	204	Sea Otters	233	233	Seiden	264	264
Am. Brands	851	851	Corporation Glass	601	601	Sea Otters	274	274	Sea Otters	233	233	Seiden	264	264
Am. Can.	357	353	Corporation Glass	601	601	Sea Otters	304	304	Sea Otters	233	233	Seiden	264	264
Am. Can. Cylind.	101	101	Corporation Glass	601	601	Sea Otters	314	314	Sea Otters	233	233	Seiden	264	264
Am. Express	58	58	Corporation Glass	601	601	Sea Otters	324	324	Sea Otters	233	233	Seiden	264	264
Am. Gen. Insnce.	404	404	Corporation Glass	601	601	Sea Otters	334	334	Sea Otters	233	233	Seiden	264	264
Am. Int'l. Die.	291	291	Corporation Glass	601	601	Sea Otters	344	344	Sea Otters	233	233	Seiden	264	264
Am. Hop. Prod.	45	45	Corporation Glass	601	601	Sea Otters	354	354	Sea Otters	233	233	Seiden	264	264
Am. Int'l. Die.	57	57	Corporation Glass	601	601	Sea Otters	364	364	Sea Otters	233	233	Seiden	264	264
Am. Int'l. Die.	57	57	Corporation Glass	601	601	Sea Otters	374	374	Sea Otters	233	233	Seiden	264	264
Am. Perfins.	661	651	Corporation Glass	601	601	Sea Otters	384	384	Sea Otters	233	233	Seiden	264	264
Am. Quar. Gas.	924	924	Corporation Glass	601	601	Sea Otters	394	394	Sea Otters	233	233	Seiden	264	264
Am. Stores	701	71	Corporation Glass	601	601	Sea Otters	404	404	Sea Otters	233	233	Seiden	264	264
Am. Tel. & Tel.	521	521	Corporation Glass	601	601	Sea Otters	414	414	Sea Otters	233	233	Seiden	264	264
Amico	87	87	Corporation Glass	601	601	Sea Otters	424	424	Sea Otters	233	233	Seiden	264	264
Amplex	214	214	Corporation Glass	601	601	Sea Otters	434	434	Sea Otters	233	233	Seiden	264	264
Amstar	304	291	Corporation Glass	601	601	Sea Otters	444	444	Sea Otters	233	233	Seiden	264	264
Amwest Hotels	404	404	Corporation Glass	601	601	Sea Otters	454	454	Sea Otters	233	233	Seiden	264	264
Amwest Hotels	291	291	Corporation Glass	601	601	Sea Otters	464	464	Sea Otters	233	233	Seiden	264	264
Arca	419	414	Corporation Glass	601	601	Sea Otters	474	474	Sea Otters	233	233	Seiden	264	264
Archer Daniels	419	414	Corporation Glass	601	601	Sea Otters	484	484	Sea Otters	233	233	Seiden	264	264
Arco	419	414	Corporation Glass	601	601	Sea Otters	494	494	Sea Otters	233	233	Seiden	264	264
Armstrong	141	141	Corporation Glass	601	601	Sea Otters	504	504	Sea Otters	233	233	Seiden	264	264
Assarco	151	151	Corporation Glass	601	601	Sea Otters	514	514	Sea Otters	233	233	Seiden	264	264
Aspen Int'l	151	151	Corporation Glass	601	601	Sea Otters	524	524	Sea Otters	233	233	Seiden	264	264
Aspen Int'l	151	151	Corporation Glass	601	601	Sea Otters	534	534	Sea Otters	233	233	Seiden	264	264
Aspen Int'l	151	151	Corporation Glass	601	601	Sea Otters	544	544	Sea Otters	233	233	Seiden	264	264
Aspen Int'l	151	151	Corporation Glass	601	601	Sea Otters	554	554	Sea Otters	233	233	Seiden	264	264
Aspen Int'l	151	151	Corporation Glass	601	601	Sea Otters	564	564	Sea Otters	233	233	Seiden	264	264
Aspen Int'l	151	151	Corporation Glass	601	601	Sea Otters	574	574	Sea Otters	233	233	Seiden	264	264
Aspen Int'l	151	151	Corporation Glass	601	601	Sea Otters	584	584	Sea Otters	233	233	Seiden	264	264
Aspen Int'l	151	151	Corporation Glass	601	601	Sea Otters	594	594	Sea Otters	233	233	Seiden	264	264
Aspen Int'l	151	151	Corporation Glass	601	601	Sea Otters	604	604	Sea Otters	233	233	Seiden	264	264
Aspen Int'l	151	151	Corporation Glass	601	601	Sea Otters	614	614	Sea Otters	233	233	Seiden	264	264
Aspen Int'l	151	151	Corporation Glass	601	601	Sea Otters	624	624	Sea Otters	233	233	Seiden	264	264
Aspen Int'l	151	151	Corporation Glass	601	601	Sea Otters	634	634	Sea Otters	233	233	Seiden	264	264
Aspen Int'l	151	151	Corporation Glass</td											

## Marginal fall in earnings at Perstor

By Westerley Christner in Stockholm

PERSTORP, the Swedish chemicals and plastics group, reported a 3 per cent fall in profits for the fiscal year ended August 31 to Skr 107m (£25.7m) from Skr 111m a year earlier. However, the fiscal 1980 profit met this spring's forecast given by Mr. Karl Erik Sahlberg, managing director.

Group sales also matched the spring forecast of a 19 per cent increase, rising to Skr 1.6bn from Skr 1.35bn. Earlier, Mr. Sahlberg had stated that Perstorp, known for its decorative laminates, reached a peak during fiscal 1979 and that growth would level off.

The earnings are equivalent to Skr 31 per share against Skr 28. A dividend of Skr 5 per share, up from fiscal 1979's Skr 4.50, is recommended.

A one-for-five scrip issue will be proposed by the board at the December annual shareholders' meeting through transfer of Skr 19m from reserves to increase share capital to Skr 114m.

## Danish banks plan merger

By Hilary Barnes in Copenhagen JYSKE BANK, a Jutland provincial bank, is to acquire Finansbanken in a deal worth around Dkr 147m (£26.4m).

The merger will make Jyske Bank the sixth largest bank in Denmark with assets of about Dkr 8bn.

Finansbanken's assets are worth about Dkr 3.5bn, including capital of Dkr 100m and private mortgage notes worth about Dkr 2bn.

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## World International bids for rest of East Asia

By PHILIP BOWRING in HONG KONG

WORLD International (Holdings), the flagship of the shipping magnate, Sir Yue-Kong Pao, plans two highly priced deals to consolidate a large part of Sir Yue-Kong's shipping and property interests into World International, as the single quoted company of the Pao empire.

One step is that World International has offered to buy the rest of the capital of Eastern Asia Navigation. At present, World International has 56.55 per cent of EAN's 192.4m ordinary shares. The offer is seven. World International shares for every five EAN shares, or a cash alternative of HK\$3.5. At the pre-announcement price of HK\$6.10 for EAN, the share offer has a theoretical value of HK\$8.54 per share against the going EAN share price of HK\$6.40 and values EAN at HK\$1.66bn (£183.22m). The cash offer is HK\$7.50 per share. The offer will extend to

any shares issued before the closing date in respect of conversion of EAN's HK\$50m in convertible bonds.

Sir Yue-Kong and the Hong Kong and Shanghai Banking Corporation intend to accept the offer in respect of their 28 per cent combined holdings in EAN. Whether other bidders will do so remains to be seen. The cash offer represents an exit price-earnings ratio of only 7, based on earnings to end-March. Those accepting the World International shares will be accepting shares in a company that has grown so quickly in the past year, as a result of acquisitions and exchanges, that estimating its worth is difficult.

At the beginning of this year it had 91m shares on issue and was the junior of Pao's two quoted shipping companies. Now it has 552m shares in issue, even before yesterday's two proposed deals. Its acquisi-

tions include 45 per cent of EAN from Pao's family companies in July for cash at HK\$6.20 a share, 25 per cent of the Hong Kong and Kowloon Wharf and Godown Company from the Pao family for HK\$55 a share, for a total consideration of HK\$1.56bn. In addition it has acquired some ships from Pao family companies.

In the second announcement, World International has said that it will buy 17.5m shares in Hong Kong and Kowloon Wharf through a share exchange of 86 World for every five Wharf shares, giving Wharf a value of HK\$1.5. These shares would bring its Wharf holding to 45 per cent.

In June this year, Sir Yue-Kong won a sharp battle for control of Wharf by paying HK\$105 each for 20m Wharf shares, representing 19 per cent of the capital. World is to issue 304m shares to Pao for the 15 per cent it is now acquiring.

## Record financing for Bos Kalis

AN INTERNATIONAL banking consortium headed by Lloyds Bank and Amsterdam-Rotterdam Bank will provide \$700m roller-over credit to the dredging and construction group, Bos Kalis Westminster, in the largest financing operation of its kind for a Dutch company.

Bos Kalis will use the project-linked credit to finance its 70 per cent share in a Fl 1.8bn (£153m) contract to build 2,000 kilometres of gas pipeline in Argentina and to manage the distribution of the gas for 15 years.

The agreement on the credit

has been reached in principle although final details and the membership of the consortium are still being settled prior to the signing of the deal.

The Argentinian state company, Gas del Estado, will pay for the work by supplying Bos Kalis with a percentage of the gas carried by the pipeline. Bos Kalis will then sell the gas.

This arrangement has determined the form of financing which will be provided in tranches as the work progresses.

The privately-owned Dutch Credit Insurance Company (NCM) has agreed to provide

export credits to Cogasco, an Argentinian company which has been set up to carry out the project. Bos Kalis has a 70 per cent stake in Cogasco through its Nacap International subsidiary. The remainder of Cogasco's equity is held by two Argentinian contractors, Tessa and Pama.

The project involves the delivery and installation of 2,000 kilometres of pipeline with compressor, booster and control stations linking the gas field at Neuquen with the towns of Beaufort, San Jeronimo, Mendoza and San Juan.

The project involves the delivery and installation of 2,000 kilometres of pipeline with compressor, booster and control stations linking the gas field at Neuquen with the towns of Beaufort, San Jeronimo, Mendoza and San Juan.

## Arab group in reinsurance talks

By JOHN ROBERTS

THE ARAB War Risks Syndicate, being formed to handle war risks in the Gulf, has held talks with London underwriters on reinsurance needed to back its own underwriting operations.

Dr. Mustapha Rajab, chairman of the Arab Reinsurance Company and leader of the team which visited London from Sep-

tember 18 to 28, said further talks would be held "in the very near future."

He affirmed that the syndicate would, as planned, start underwriting on January 1. He said 33 or 34 companies had signed up with the syndicate.

Dr. Rajab declined to say how much reinsurance cover the

syndicate had sought, commenting only that it was "too early to speak of details, especially because of events in the area."

Moves to set up the syndicate were initiated a year ago after Lloyd's doubled its reinsurance minimum war risk premium on hulls in the Gulf from 2.5 to 3.0 per cent.

The exchange needed more space but had not yet decided whether to expand its present headquarters or to obtain additional space elsewhere.

## French owners to wind up Korvettes

By Our New York Staff

AGACHE-WILLIOT, the French owners of Korvettes, have decided completely to wind up the ailing U.S. retail company, ending an 18 month saga of woe.

The French company said in New York yesterday that 14 stores will be closed down shortly, and the remaining 15 will shut after the Christmas season. Originally, Korvettes had said it would only close down the 14 stores, and decide the future of the rest later.

The stores are currently being operated by Value City, a company which specialises in clearance sales.

Agache-Williot bought Korvettes, once New York's second largest retail chain with 50 stores, in April 1979 for about \$42m. But the French company was unable to make a success of the venture and, facing mounting debts, had been applying drastic surgery to make it viable. But the final effort to keep it alive now appears to have failed.

## Amex drops building plans

By Our Financial Staff

MR. HUGH CAREY, Governor of New York, and Mr. Arthur Levitt, chairman of the American Stock Exchange board of governors, jointly announced yesterday the termination of plans to build a headquarters for the AMEX on landfill along the southern tip of Manhattan.

Mr. Levitt said "the continuing escalation of construction costs that would make completion of this project at anywhere near current estimates almost impossible" killed the project.

The headquarters would have been built at Battery Park City with state help.

Mr. Carey and Mr. Levitt said commercial development of Battery Park City would continue to New Jersey in 1978 because its negotiations with New York State had stalled.

The exchange needed more space but had not yet decided whether to expand its present headquarters or to obtain additional space elsewhere.

## IBM continues recovery but warns of slowdown

By DAVID LASCELLES IN NEW YORK

IBM, the computer giant, announced a strong gain in third quarter earnings yesterday, extending the recovery from last year's setback. But part of the gain was due to lower effective tax rates, and Mr. Frank Cary, chairman, warned that growth might not be sustained into the final quarter.

IBM said net income was \$884m or \$1.51 per share, up nearly a third on last year's \$663m or \$1.41. Revenues were up \$4.4bn, up 20 per cent on last year's \$5.3bn.

These results raised IBM's nine months earnings to \$2.33bn or \$3.99, compared to \$2bn or \$3.43 last year. Revenues were up from \$16.03bn to \$18.4bn.

At the same time, the strength

of earnings had a lot to do with an increase of sales, as opposed to rentals, of data processing equipment. Revenue from sales rose 25 per cent to \$2.6bn or \$1.51 a share, to \$4.2m or \$1.02. According to Mr. Michael Blumenthal, the former Treasury Secretary who is Burroughs' chief executive officer, this was the result of difficulties in bringing a large number of new products on stream. And, while corrective measures were being taken, he did not expect an improvement to show in the fourth quarter.

Burroughs' third quarter sales were \$859m, up from \$872m in the same period last year. Net earnings for nine months were \$150.7m down from \$173.1m on sales of \$2.1bn against \$1.95bn.

## Sabena faces record loss

BRUSSELS — Sabena, Belgium's national airline, is expected to register a record deficit of BFr 2.6bn (£87m) this year.

Sabena blames a slump in European air traffic, unprofitable Asian routes and high labour and fuel costs for the loss.

As a result the 57-year-old Belgian airline is planning to drop several loss-making routes,

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## LONDON STOCK EXCHANGE

# Gloomy industrial outlook takes equities down sharply

## 30-share index at three-month low—Tap stock surprise

## Account Dealing Dates

Option  
\*First Declaral- Last Account

Dealing Dates Dealings Day

Sept 29 Oct 9 Oct 10 Oct 20

Oct 13 Oct 23 Oct 24 Nov 3

Oct 22 Nov 6 Nov 7 Nov 17

\* "New time" dealings may take place from 9 pm to two business days earlier.

The final day of the trading Account in London stock markets ended on a sour note with the equity sectors showing renewed concern about company profitability and dividend prospects in the wake of deepening UK recession. Disappointment with the Government's stance on high interest rates was also a major influence on leading shares, and for the first time this week, the Middle East situation became more of a factor as fears revived about a possible escalation of the conflict between Iraq and Iran.

Selling pressure on leading equities, which had been relatively light over the two previous trading days, heightened noticeably and, with jobbers reluctant to increase their book commitments, a sharp setback ensued. Most of the selling was over by noon, but the trend continued easier until a half-hour or so before the official close when a technical recovery developed. The rally continued after 3.30 pm, when business was still without penalty for the Action being taken on Monday, and the FT 30-share index rose by 8.7 at 3.30 pm, closed with a fall of 7.4 on balance at 466.3, its lowest since July 2. Over the week the index recorded a loss of 13 points.

Among index constituents, ICI remained overshadowed by the possible closure of its fibre division, while Glaxo and Metal Box continued unsettled ahead of trading statements, due shortly. Of the sectors, Engineering was particularly dull, while Stores encountered increased selling and sustained losses ranging to double figures.

Gilt-edged securities also experienced a drab session, the main excitement occurring at the 3.30 pm close following the unexpected announcement of a new medium tap stock £800m of Exchequer 114 per cent 1986 is to be issued at £95.50 with £30 payable on application next Thursday. Medium and long-dated stocks were then showing losses ranging to 1/2 and these were extended before late overseas buying restored quotations to around 3.30 pm levels.

Demand for Traded options

improved slightly and 1,188 deals were arranged which compares with the previous day's total of 1,020. Last week's daily average amounted to 1,369.

## Composites down

Insurance Composites succumbed to the general dullness and also to rumours of a pending bearish circular. Royalts retreated 13 to 452p. Sun Alliance lost 12 to 730p, while General Accident declined 16 and GRE 40 both to the common level of 344p. Phoenix fell 10 to 250p and Commercial Union 4 to 161p.

The prospect of high interest rates continuing for a while yet unsettled Hires. Provident Financial gave up 4 at 145p and UDT cheapened 3 to 30p, while Wagon Finance dipped 2 to 40p.

Breweries opened easier but revived support at the lower levels restricted losses to a couple of pence. Whitbread eased 3 to 152p, while Bass shed 2 to 210p. Wines and Spirits, dull recently, were further unsettled by adverse comment. Distillers lost 4 to 200p and Highland saw a similar amount for a fall on the week of 13 at 112p.

Dull conditions prevailed in Buildings. Tarmac succumbed to further offerings and shed 5 for a two-day loss of 13 to 254p, while Blue Circle, an unsettled market since the 1980 price-revision, fell 4 to 224p, making a fall on the week of 12. Elsewhere Barratt Developments and William Whittington gave up 4 pence at 162p and 114p respectively, while P.C. Henderson declined 6 to 127p. Against the trend, M. J. Gleeson, an old bid favourite, added 2 to 45p for a gain on the week of 10.

Down to 318p at one stage on continued worries about the forthcoming third-quarter figures and troubled fibres division. ICI picked up late to close 6 off on balance at 322p, or 18 lower on the week. Lack of support left Fisons 7 off at a low for the year of 187p, while scattered selling 10 from Wolstenholme Rink, at 105p.

Hotels and Caterers had Labroke 5 off at 212p and Grand Metropolitan 3 down at 153p.

## Metal Box sold

Miscellaneous industrial

leaders ended the week on a depressed note. Metal Box fell 10 more making a reaction of 32 on the week to 250p as sentiment remained unsettled by adverse

market. Hammersmith A gave up 15 at 588p, while Ruskin and Tompkins shed 8 to 218p, the latter as bid hopes faded. Elsewhere, Swire

and Goss-Larsen remained

leading Stores ended the week with falls ranging to 10 following bouts of purported institutional selling. Gosses A, 436p, and Mothercare, 222p, both shed that much; the latter is due to announce interim results next Thursday. Burton were also sold again and fell 5 for a fall on the week of 15 to 92p, while losses of

£100m for Traded options

remained out of favour. Associated shed 3 more to 285p, while Pearson Longman fell 4 for a two-day loss of 10 at 175p. Among regional issues, Bristol Post eased 6 to 120p and United slipped 5 to 165p.

Link House

PROPERTY (2)

Associated Estates (2)

Swire Prop. (2)

SHIPPING (2)

Clay (Richard) (2)

Foodstuffs (2)

Associated Shipping (2)

Barrymin (2)

SA. BREW. (2)

TEXTILES (2)

Silva Viscos (2)

TRUSTS (2)

U.S. & Gen. Trust (2)

U.S. & Gen. Trust (2)

Provincial Cities (2)

OIL & GAS (2)

Hunting Petroleum (2)

Others (2)

Figures in parentheses show number of stocks per section

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Fri., Oct. 10, 1980		Thurs., Oct. 9	Wed., Oct. 8	Tues., Oct. 7	Mon., Oct. 6	Sun., Oct. 5 (approx.)	Highs and Lows Index				
	Index No.	Day's Change %	Est. Earnings (Max.)	Gross Div. %	Est. P/E Ratio (Max.)	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	
Figures in parentheses show number of stocks per section												
1. CAPITAL GOODS (171)	277.40	-0.9	15.89	5.96	7.65	279.99	260.63	263.86	262.88	260.43	256.77	229/900
2. Building Materials (28)	245.41	-0.8	19.20	6.98	6.20	247.97	250.58	250.75	250.38	257.40	270.52	216/270
3. Contracting, Construction (27)	413.79	-0.8	22.23	6.00	5.30	417.33	420.75	419.62	417.37	431.01	451.74	454/274
4. Electricals (17)	860.49	-0.3	13.32	3.10	8.66	864.67	867.32	870.00	861.68	851.94	859.56	819.54/860
5. Engineering Contractors (11)	338.15	-1.4	18.31	7.64	6.97	342.81	343.29	342.12	342.58	328.33	356.79	318/39
6. Mechanical Engineering (72)	173.22	-0.6	16.76	7.77	7.28	176.51	171.91	178.82	177.87	164.17	164.46	164/200
7. Metals and Metal Forming (16)	151.96	-0.9	19.21	10.67	6.47	151.28	150.40	151.15	150.31	150.40	151.39	129/220
8. CONSUMERS GOODS (DURABLE) (48)	234.20	-1.6	17.31	5.58	8.72	234.00	234.98	242.80	246.76	247.96	253.81	248/320
9. L. Electronics, Radio, TV (4)	360.87	-0.7	10.55	3.83	4.82	362.07	367.00	371.85	371.85	363.32	392.58	348/398
10. Household Goods (13)	88.83	+0.1	22.46	11.07	4.96	88.75	88.76	88.65	88.74	88.74	88.74	82/88
11. Motors and Distibutors (21)	95.37	-0.1	22.70	9.81	5.05	96.99	97.08	97.93	97.76	97.76	97.76	91/100
12. CONSUMER GOODS (NON DURABLES) (171)	230.96	-1.5	17.81	7.00	6.79	234.52	237.32	238.48	237.61	239.96	248.78	216/324
13. Breweries (14)	272.83	-0.9	16.66	6.75	7.01	273.38	279.07	278.84	273.93	274.90	284.93	259/350
14. Wines and Spirits (5)	290.25	-0.2	18.09	7.02	5.62	296.07	296.78	296.80	291.05	292.19	293.92	258/324
15. Entertainment, Catering (21)	338.61	-1.3	17.11	6.67	7.19	342.96	345.34	340.79	340.20	335.05	352.05	314/394
16. Food Manufacturers (22)	214.34	-0.4	18.87	7.09	7.04	218.46	218.99	219.66	219.50	218.47	224.87	198/240
17. Food Retailing (13)	374.42	-0.1	18.20	6.71	6.46	374.43	374.46	374.46	374.46	374.46	374.46	338/420
18. Newspapers, Publishing (22)	433.74	-0.1	18.20	6.71	6.46	433.22	433.00	432.65	432.65	432.65	432.65	398/480
19. Books (44)	226.63	-1.3	16.42	5.53	5.27	231.70	234.76	235.18	234.94	234.65	238.45	212/270
20. Tobacco (3)	212.37	-0.3	20.73	10.46	4.21	218.85	220.85	224.34	224.34	220.29	229.27	192/240
21. Textiles (21)	117.77	-0.2	26.62	13.09	5.63	118.88	119.61	120.33	120.15	120.52	120.52	114/170
22. Chemicals (16)	116.20	-0.2	20.73	10.22	5.27	117.20	117.20	117.20	117.20	117.20	117.20	104/160
23. Pharmaceuticals (7)	115.44	-0.3	16.36	7.31	7.32	120.22	120.94	121.97	121.97	121.97	121.97	104/160
24. Other Groups (98)	113.94	-0.6	16.36	7.31	7.32	120.22	120.94	121.97	121.97	121.97	121.97	104/160
25. Miscellaneous (59)	107.68	-0.1	16.66	6.74	7.27	229.01	254.93	249.07	248.9			





# FT SHARE INFORMATION SERVICE

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## MAN OF THE WEEK

Driver  
of the  
Metro

BY ARTHUR SMITH

FOR ONE man the successful launch of the mini Metro—the make or break venture for BL's volume car division—is something of an anti-climax. The pressure has suddenly eased for Mr. Jim Donaghay, the 44-year-old Metro project manager charged four years ago with the task of implementing Britain's biggest investment in a new car plant.

Heading a small management team of never more than 12 he has lived and breathed the pro-



Jim Donaghay, head of the Metro project  
The ability to develop a team spirit

ject, often working a 12-hour day six days a week. In the face of the financial traumas and management upheavals that have beset the State-owned concern the Metro scheme has pressed ahead.

Mr. Donaghay can now point to a £230m investment at Longbridge, Birmingham, housing the robots and computers that represent the latest in car assembly technology. More than that, he claims "a breakthrough in industrial relations and productivity levels to match the best in Europe."

Support has been gained from the trade unions for dramatic changes in working practices without any "buy-out" payments. In just one week this month 400 men were transferred from the old assembly areas of the Mini and Allegro to work alongside the robots in the Metro body area. The tracks run twice as fast—25 cars an hour as against 12. There is greater mobility between skills. Workers have to carry out a wider range of operations.

Mr. Donaghay, typically shirt-sleeved but well groomed, explains: "It's one thing to sit in the office and say that because of the machinery the worker's effort is no greater. He is just working more efficiently and consistently. It's another to get that message across on the shop floor and get co-operation and support."

He certainly commands respect among the senior shop stewards who praise his blunt and honest" approach. His Birmingham accent, though only slight, and his knowledge of the people in the city where he grew up must help. Mr. Donaghay started as an engineering apprentice with Fisher and Ludlow in Birmingham in 1952, rising through the management ranks once it became part of the British Leyland Empire. He left in 1966 to join Ford, where he worked in the team that planned the heavy investment in new assembly facilities for the Fiesta model. In 1974 he was tempted back to Leyland as production engineering manager for body and assembly activities within the cars division.

To head the Metro project required a grasp of all the management skills—finance, planning, administration and personnel. But Mr. Donaghay's real strength has been the ability to motivate people and develop a spirit of team work. One day last week he toured the plant starting at 8 o'clock in the morning and working through till midnight speaking to every shop steward, foreman, superintendent and manager. "I wanted them to know what I wanted and to hear their views—get everything out into the open and tackle any problems before they build up."

Output of the Metro, now running at 2,000 a week, is scheduled to rise steeply to 3,000 by the end of the year—without any extra labour. Not only is Mr. Donaghay confident that the target will be achieved, he also gives a clear hint that he may now be looking for a new challenge within the company: "After the pressure of the past four years things have certainly eased a little—but I am the kind of man who is only happy under severe pressure."

## Gaddafi support for Tehran

BY IHSAN HUZZAJI IN BEIRUT

COLONEL Moammar Gaddafi, the Libyan leader, is the first Arab head of state to come out in open support of Iran in its war with Baghdad. He couched this by outright condemnation of Saudi Arabia's collaboration with the U.S.

Colonel Gaddafi made his stand clear in a cable yesterday to King Khalid in which he urged concerted Islamic backing to the regime in Tehran of Ayatollah Khomeini.

At the same time he called for the removal of U.S. AWAC radar aircraft from Saudi Arabia, declaring that instead Arabs should fight the U.S. which he described as the leader of a new "crusade against the Moslems."

The Libyan stand did not come as a surprise. Tripoli had

already spoken disapprovingly of Iraq's invasion of Iranian territory. Libya was one of the few Arab states which had established a strong relationship with the Iranian revolution.

Furthermore, Colonel Gaddafi has been calling lately for an Arab war against U.S. military bases in the Arab world. He began the campaign after the Americans succeeded in obtaining military facilities in Oman and Somalia, both members of the Arab League.

Our Foreign Staff adds: The Soviet Union has described as "provocative" reports that it is assisting Syria and Libya in sending military equipment to Iran. China and Pakistan have allowed North Korean planes carrying military equipment to Iran to fly over their territory. officials in Washington said yesterday.

Meanwhile, Libya has not reacted in any way to the conclusion of the Syrian-Soviet treaty. This is being taken as a sign of disapproval. Libya and Syria have plans to merge into a single state.

Reports in the Beirut Press yesterday expected the Libyan leader to visit Damascus soon for talks with President Hafez al-Assad, who has returned home from Moscow.

The Libyan backing for Iran underlines the failure of Iraq to rally other Arab countries, with the exception of Jordan, firmly behind its war effort. The signing of the Syrian-Soviet Treaty of Friendship can only make Moscow's attitude to Baghdad cooler and jeopardise Iraq's weapon supplies.

On the battlefronts, Iran continued to repel Iraqi efforts to take the whole of the port city of Khorramshahr. An Iraqi commander said the Iranians continued to hold a key bridge in the city with five or six tanks.

In Ahwaz, the capital of the Kuzestan oil province, Iraqi aircraft blew up an ammunition dump. Local people were urged by President Bani-Sadr of Iran not to be alarmed.

## Germany accepts steel ban

BY ROGER BOYES IN BONN AND JOHN WYLES IN BRUSSELS

THE West German steel industry has unexpectedly accepted voluntary restraints on production to try to defuse a major crisis within the European Community. The decision, announced yesterday, was designed to prevent the Community from taking special "crisis" powers over the industry.

The German Iron and Steel Federation said it would continue to be bound by the voluntary crisis cartel, known as Eurofer One, until June 30, next year by when it is expected new production levels will have been agreed.

Member Governments and officials at the Commission were sceptical, however, about the West German decision to accept restraints. The crisis measures are intended to end the price-cutting and over-production which has brought chaos to the Community's steel market in the past few months.

The Commission made it clear that the German companies' recent refusal to agree to voluntary disciplines was not the only reason for its decision.

to seek to force cuts. The problem was much deeper: emergency powers would be used to recreate longer term conditions in which the Brussels scheme is a threat to the principles of the market economy and that compulsory cuts effectively penalise German steel companies for being efficient.

Economics Ministry officials said yesterday that Government would take up contacts with other European countries and formal adoption of the emergency powers until October 22.

But repeated attempts by the Industry Commissioner Viscount Etienne Davignon to win a commitment from EEC steel producers to a 13 per cent cut in crude steel production in this final quarter founded on mutual distrust among the companies.

The West German federation's decision also applies to the German company Kloeckner-Werke, which originally protested that it was being discriminated against by the "artificially low" production levels allocated to it within Eurofer.

The agreement was welcomed by the Commission yesterday by Count Otto Lambsdorff, the West German Economic Minister. German industrialists have maintained that the Brussels scheme is a threat to the principles of the market economy and that compulsory cuts effectively penalise German steel companies for being efficient.

Germany's Ministry officials said yesterday that Government would take up contacts with other European countries and formal adoption of the emergency powers until October 22.

Between now and October 22, according to the Economics Ministry, the Government will have to decide whether article 58 "can be effectively implemented or whether the Government will apply for a further session of the Council of Ministers."

Bonn is thus keeping open the option of the special Council of Ministers' meeting so far opposed by the other eight EEC members. The German Cabinet is to discuss the matter on Wednesday.

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